

The Effect of Transformational Leadership and Job Satisfaction on Employee Performance

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Abstract This study aims to determine the effect of transformational leadership and job satisfaction to employee performance. The method used in this study was "explanatory research" with the techniques of collecting data through questionnaires. Analysis of processing the data is by using multiple regression and partial. The results showed that transformational leadership and job satisfaction influence to performance positively and significantly either partially or simultaneously. Recommendations made to management are that management can maintain and even increase the factors that can effect performance in this study.

Keywords Transformational Leadership, Job Satisfaction, Performance

1. Introduction

The successful of managing the human resources in the company is one of the formations of survival and evolves in organization. The meaning of successful in managing resources is company is able to combine the perception between the employee and the manager and at the end it will be influenced on company goal achievement.[1] The employee performance is an important role on determining the success of the organization's goals. With a good employee performance, the organization is easy to achieve its goals.

Citibank NA Indonesia, as one of the foreign bank which has long operating in Indonesia, still have problem in employee performance. This problem should not be happened due to the competition among local bank and foreign bank is more stringent. However, local banks have more advantages such as easier in licensing and bigger on market capitalizations. It can be seen on Table 1.

Table 1. Target Achievement Data Based on SLA Year 2011 Q4 CBOO Unit

Month	Percentages of Performance Target Achievement per sub bab unit		
	Maintenance	Safe Keeping	Day 2 Review
October	99	97	100
November	97	98	98
December	98	99	98

Sources: MIS Data Citibank NA CBOO unit

As we can see on the table, that employee's target performance achievement in Citibank NA CBOO Unit is away from its hope.[2] As an organizational with world reputations, these situations above should not be happened, because company's goal achievement can be influenced, directly and indirectly.

Beside of performance problem, Citibank NA CBOO Unit, still have problems with the discipline, which are the punctuality of presence still low and the absences of employee still high. It can be seen on Table 2.

Table 2. Presence Data Year 2011 Q4 CBOO Unit

Employee on CBOO Unit	Month (2011)	Percentage Punctually on Present	Percentage Absence Average
60	October	83	5
	November	90	5
	December	85	5

Sources: MIS Data Citibank NA Unit CBOO

The table showed a problem with the discipline among employees. The level of the discipline has a strong relative with employee job satisfaction; the employee who has a good job satisfaction usually has a good discipline too. From the data above, we can see that there is a problem in employee job satisfaction.

Citibank NA Indonesia has known as one of banking institute, which producing bankers with high quality even known as “Banking School”, which is most of its employees are persuaded from another finance institute with a better career and high salary. It makes an impression that what they had in Citibank NA Indonesia is not good enough, not only the career but also the salary. The impact of this situation is highly on employee’s turn over if it compared with another same industries, and this is happen in Citibank NA Indonesia CBOO Unit, like 3 table below.

Table 3. Employee’s Turn Over Year 2011 Q4 CBOO Unit

Month	Employee’s Turn Over Citibank NA CBOO Unit		
	Maintenance	Safe Keeping	Day 2 Review
October	4	1	-
November	3	-	1
December	4	1	2

Source: *MIS* Data Citibank NA CBOO Unit

From that table above, we can see that employee’s turn over in 2011 Q4 in Citibank NA CBOO Unit is quite high about 10%, which is average turn over standard on the same industries is about 6 %. The data tells about employees whose resign due to their own, which means those employees perhaps faced a high offer in another place or they disappointed with the condition in Citibank NA CBOO Unit. Their disappointment probably came from job satisfaction is not high enough, or it can be related with leadership factors, which the leader or the manager can’t give some motivations or believes to its employees. Employee needs feel comfort, safe, and they can work with high spirit.

Besides those conditions, today Citibank NA Indonesia is on many troubles which is related on law, whether some employees of Citibank NA Indonesia are already been suspected due to they took customer’s money and on the other side, another employee are suspected on murdered a customer. This incident reinforce that there’s some mistakes on human resource management, such as mistakes on employee career level and low on employee’s training. Those entire problems have a strong related with job satisfaction level and leadership factors.

From those condition and phenomenon, the author researched about: The Effect of Transformational Leadership and Job Satisfaction to Employee Performance in Citibank NA Indonesia CBOO Unit.

Based on problem identifications above, the author formulate the research problems into

1. How strong the influence of Transformational Leadership to employee performance in Citibank NA Indonesia CBOO Unit?
2. How strong the influence of Job Satisfaction to employee performance in Citibank NA Indonesia CBOO Unit?
3. How strong the influence of Transformational Leadership and Job Satisfaction to employee

performance simultaneously in Citibank NA Indonesia CBOO Unit?

And the purposes of this study are

1. To know and analyze how strong the influence of Transformational Leadership to employee performance in Citibank NA Indonesia CBOO Unit?
2. To know and analyze how strong the influence of Job Satisfaction to employee performance in Citibank NA Indonesia CBOO Unit?
3. To know and analyze how strong the influence of Transformational Leadership and Job Satisfaction to employee performance simultaneously in Citibank NA Indonesia CBOO Unit?

2. Concept the Idea and Hypothesis

Concept the Idea

Transformational Leadership

The theory of transformational leadership is an approach in analysis warm leadership is discussed during two this last decades. Initial concept of leadership of transformational introduced by Burns in the year 1978. [3] that leader which transformational increases requirement and motivation of subordinate and promotes dramatic change in individual, group and organization. [3] Defines that “leader of transformational is someone is increasing individual the self-trust and also group, awareness and interest in group and organization, and tries to move attention of subordinate for attainment of performance”. Leadership of transformational defined as leadership requiring action to motivate the subordinates to ready working for the shake of target” high level” what assumed go beyond its (the private interest is at that moment). The leader of transformational successfully changes status quo in it (the organization) by the way of paying attention to behavior appropriate in each orthogonal transformation processs step. If way of strippers is assessed has (shall) no longer according, hence leader will compile new vision about future with functioning as source of inspiration and commitment. [4] develops leadership dimension of transformational becomes 6 dimension: articulating a vision, providing an appropriate model, fostering the acceptance of group goal, setting high performance expectation, providing individualized support, and intellectual stimulation.

Job Satisfaction

Job satisfaction is basically something individual. Each individual has a different level of satisfaction varies according to the value system that applies to him. The higher the perceived assessment of the activity in accordance with the desires of the individual, the higher the satisfaction of the activity. Thus, satisfaction is an evaluation that describes someone on his feeling happy or not happy, satisfied or not satisfied at work.

Some experts expressed opinions on the definition of job satisfaction are as follows: According [5] states that job satisfaction was: "Job satisfaction is the way employed feels about his or her job. It is a generalized attitude toward the job based on the evaluation of different aspect of the job. A person job reflects his attitude toward pleasant and unpleasant experiences in the job and his expectations about future experiences ". This means that job satisfaction is one's feelings toward his work. Attitudes towards work that is based on the evaluation of the different aspects of the job. Attitudes towards work that describe the experiences pleasant or unpleasant in the work and expectations regarding future experience.

According to [2] states that job satisfaction was: "Job satisfaction is the favorableness or unfavorableness with employees view Reviews their work". Which means it is a feeling of support or not support experienced by employees in the work. Also, according [6] job satisfaction are: Job satisfaction is a pleasant emotional attitude and loves his job. This attitude is reflected by the morale, discipline, work. Job satisfaction enjoyed by the job, off the job, and a combination of inside and outside of work.

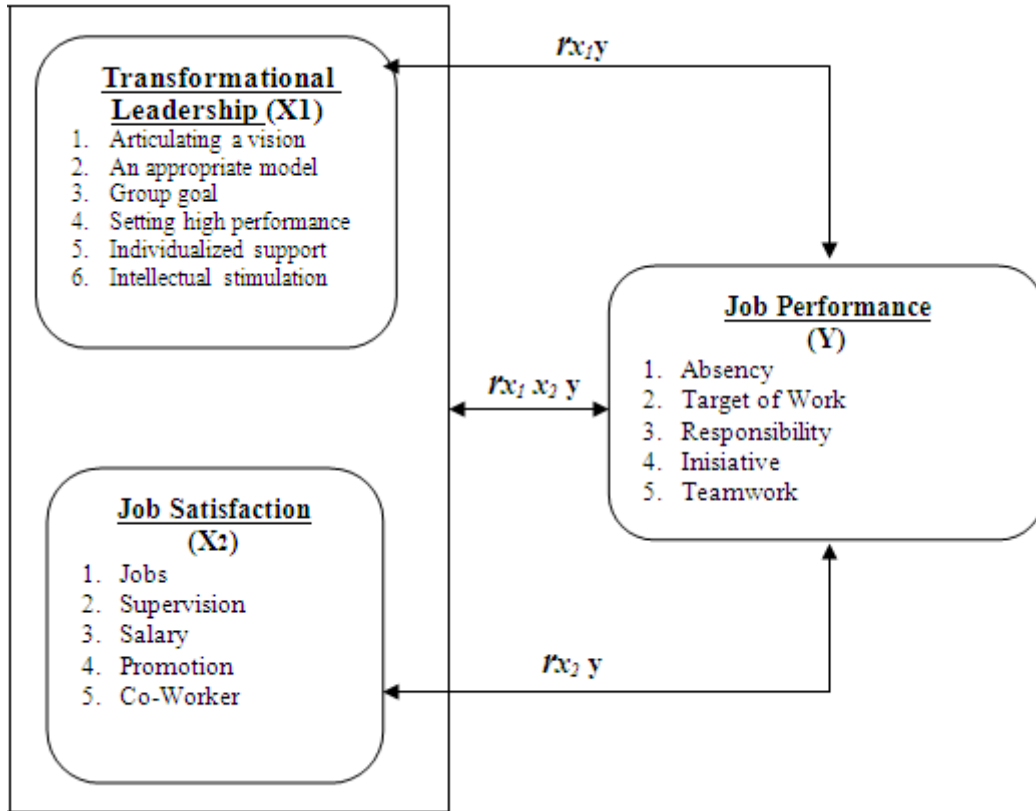
Based on the above definitions can be concluded that job satisfaction is the way individuals feel the work resulting from any such individual to the various aspects contained in the job.

Employee Performance

Armstrong argues that the performance is a combination of behavior and output of the employees in completing the outcome[7]. Furthermore, human resource performance is a term derived from job performance or actual performance to attain employee achievement. [2] In previous studies, transformational leadership and work environment had positive effect on employees' performance. [8] Performance excellence is one of the major factors that must be pursued by each organization to win the global competition. Employee performance is generally positioned as the dependent variable in empirical studies because it is seen as a

result or impact of organizational behavior or practices of human resource rather than as a cause or determinant. [9] Further explained there are two criteria performasi or employee performance measurement, namely (a) the measurement is based on the final results (results-based performance evaluation) and (b) the measurement is based on the behavior (behavior-based performance evaluation). Measurements based on the results, measure performance based on the achievement of the organization's performance or measure only the final results. The goal set by the management organization or work group, then the employee driven and assessed their performance based on how much the employee achieve the goals that have been set. This criterion refers to the concept of management by objectives (MBO). Gain measurement of employee performance as this is the criteria and performance targets are clear and can be measured quantitatively. However, its main weakness is in the practice of organizational life, many jobs that cannot be measured quantitatively to be disregarding the dimensions of performance that are non- quantitative [9] Measurements based on behavior more emphasis on ways and means to achieve goals, and not on achieving the end result. Measurements are based on behavior rather than leaning on the qualitative aspects of measurable quantitative aspects. Measurements based on behavior generally assumed to be subjective where employees can accurately decipher the effective performance for himself and for her coworkers. Employee performance is measured in this study is based on specific criteria on the basis that actors such measurements, although according to [9] has actually been around a long time, gained wider attention in empirical research on organizational behavior and human resources.

From many previous theories and studies, such as in the Studies [10, 3, 11, 12] seems that any related between transformational leadership and employee job satisfaction with employee performance. So that, the influence of job satisfaction and transformational leadership to employee performance can be seen on picture below:



Picture 1. Concept the Idea of Study

Hypothesis

Based on the background and problem identification that has been explained, and on previous theories and studies, the author identifies the hypothesis:

1. There's any significant influence of transformational leadership to employee performance in Citibank NA, CBOO Unit (H1)
2. There's any significant influence of job satisfaction to employee performance in Citibank NA, CBOO Unit (H2)
3. There's any significant influence of transformational leadership and job satisfaction simultaneously to employee performance in Citibank NA CBOO Unit (H3)

3. Result and Data Analysis

Hypothesis

This hypothesis will use t distribution with two tail tests with determine as a data with degree of freedom (df) is about n-2 at significance level on 5% or 0.05. And tingkat keyakinan is about 95% or 0.95.

1) Individual Significant Parameter Test ("t" Test / Partial Test)

"t" test shown how far the influence one of independent variable (x) individually explain the various dependent

variable (y).

"t" test are:

- a. If $t < t$ (table), H_0 is denied and H_a is accepted, it means there's no significant influence between transformational leadership and job satisfaction partially on performance.
- b. If $t > t$ (table), H_a is denied and H_0 is accepted, it means there's any significant influence between transformational leadership and job satisfaction partially on performance.

Or

- a) If $Sig > \alpha$ (0.05), regression coefficient is not significant
- b) If $Sig < \alpha$ (0.05), regression coefficient is significant

2) Simultaneous Significant Test ("F" test)

"F" test is shown that all or not independent variables which used in model have simultaneous influence to dependent variable.

Significantly "F" test

- a) If " F " < " F " (table), H_0 is denied and H_a is accepted. It means there's no significant influence between transformational leadership and job satisfaction simultaneously on performance.
- b) If " F " > " F " (table), H_a is denied and H_0 is accepted, means there's any significant influence between

transformational leadership and job satisfaction simultaneously on performance.

Or

- a) $Sig > \alpha$ (0.05), regression coefficient is not significant
- b) $Sig > \alpha$ (0.05), regression coefficient is significant

Determination of Coefficient

Determination of coefficient is used to measure regression line in sample data or shown the proportion of various dependent variables on independent variable. This study use 3 (three) variables (Table 4,5 and 6) with double calculating.

Table 4. Double Correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.624 ^a	.389	.368	3.79142	1.566
Dependent Variable: Employee Performance					

From Table 4, we know that coefficient determinant between transformational leadership variable and job satisfaction variable to employee performance variable is about 36.8%. It means that percentages of independent variables (transformational leadership and job satisfaction variable) to dependent variable (employee performance) are about 36.8%. Then, the rest about 63.2% is influenced by other variables which not included on this study.

T test

- a. Transformational Leadership to Employee Performance Hypothesis Test

With $\alpha = 0.05$; $n = 60$, we got that t table is about

2.021. The result of t counting from calculating data is about 2.080 with the significance is about 0.042. So that, $t > t$ table ($2.080 > 2.021$) with the significance is 0.05, therefore transformational leadership variable has significant influence to employee performance, so that H_a is accepted.

- b. Job satisfaction to employee performance hypothesis test

With $\alpha = 0.05$; $n = 60$, we got that t table is about 2.021. The result of t counting from calculating data is about 4.996 with the significance is about 0.000. So that, $t > t$ table ($4.996 > 2,021$) with the significance is below 0.05, therefore job satisfaction variable has significant influence to employee performance, so that H_a is accepted.

F test

F significance test is use to knowing the influence on transformational leadership and job satisfaction to employee performance simultaneously. See table 5.

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	521.616	2	260.808	18.143	.000 ^a
	Residual	819.368	57	14.375		
	Total	1340.983	59			
Predictors: (Constant), Job satisfaction, Transformational leadership Dependent Variable: Employee Performance Source: Output data SPSS 17						

Based on ANOVA test result, we got that F is about 18.143, therefore $F > F$ table ($18.143 > 3.17$) with the significance is about 0.000, less than 0.05. So that, it can be seen that employee performance is influenced by transformational leadership and job satisfaction.

Coefficient Regression

Table 5. Double Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Co linearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	24.332	5.859		4.153	.000		
	Transformational Leadership	.199	.096	.222	2.080	.042	.943	1.060
	Job Satisfaction	.472	.094	.533	4.996	.000	.943	1.060

^a Dependent Variable : Employee Performance
Source: Processing Data Output SPSS 17

The regression data is data on transformational leadership variable and job satisfaction variable to employee performance variable. With SPSS 17, the result from calculating in regression coefficient between transformational leadership variable and job satisfaction variable to employee performance variable as follow:

$$Y = a + b_1X_1 + b_2X_2, \text{ where:}$$

a	=	constant
b	=	regression coefficient
X ₁	=	transformational leadership
X ₂	=	job satisfaction
Y	=	Employee Performance
SE	=	Standard Error
t	=	t
Sig	=	significance

From the result of calculating analysis, indicated that a (constant) on dependent variable is about 24.332, which is independent variable (transformational leadership and job satisfaction) are not found, so that, employee performance is about 24.332.

b₁ is about 0.199 which means if another independent variable is fixed and there's additional 1 value of transformational leadership, it will increased performance employee about 0.199. Positive coefficient means there's a positive relationship between transformational leadership and performance employee, good employee performance as good as good transformational leadership.

b₂ is about 0.472 which means if another independent variable is fixed and there's additional 1 value of job satisfaction, it will increased employee performance about 0.472. Positive coefficient means there's a positive relationship between job satisfaction and employee performance, good employee performance as good as job satisfaction.

4. Explanation

Based on data analysis and regression that has explained before, the author tries to describe the result.

The Influence of Transformational Leadership to Employee Performance

From the respondent's answer about transformational leadership, it can be concluded that transformational leadership has a positive significant influence to employee performance. Positive influence showed that transformational leadership will influence the high or low of employee performance. Besides, significant influence showed that transformational leadership is an important role to increase the employee performance. All of employees for sure want the balances between transformational leadership and employee's wants, and then its influence is directly to employee performance. Many positive things will happened if the manager can be a leader for its employee. Therefore, employee can work better and the performance of Citibank

NA CBOO unit employee can realized. From the respondent's answer, the majority of employee said that transformational leadership which has been done is good enough. With this condition, the manager must maintain and increase the transformational leadership become better especially at "ideal effect" dimension, which has highest correlation in employee performance, and then repair in "inspiration" dimension, which has negative correlation in performance. Manager must be able to make employee believes that they can trust about their job to their manager, besides manager must have an ability on vision implementation and able to increase the employee's confidence about their skill. With the right transformational leadership to employee; employee wish that their skill will increase because they get a manager who able to apply the right transformational leadership. So that, all potential and skill of employee can be explored, then employee performance will be much better. The result of this study is also to reinforce previous researches which said that employee performance is influenced by transformational leadership, [11] that transformational leadership is now become a value system not only a commodity exchange anymore. [13] The other study that the transformational leadership has stronger influence than transactional leadership on employee performance. Besides, [3] on their study said that transformational leadership on employee leadership is focus on self-employee development, stimulate them to think and act innovatively in solve the problem and achievement on the organization's goals, stimulate the optimism and enthusiasm to their job to make their performance is more than expectation.

The Influence of Employee Performance to Job Satisfaction

From the respondent's answer about job satisfaction, it can be concluded that job satisfaction will influence the high or low of employee performance. Besides, significant influence showed that job satisfaction is an important role to increase the employee performance. From the respondent's answer, it can be seen that the majority of employee said that job satisfaction is good enough. It means that if the company wants to increase the employee performance, the company has to increase the job satisfaction first especially at the highest correlation dimension in employee performance, such as "promotion opportunity". Then "supervisor" dimension have to fixed due to it has a negative correlation in performance. Management must be able to make employee believes that if they have a good performance, they will have a good chance in career. Management must have an openness and justice in promotion and concern about the employee's skill when promotion is happened. Therefore, the employee will feel safe about their future and their performance will be much better. The result of this study is also to reinforce previous researches which are said that employee performance level is influenced by employee job satisfaction. Previous studies said about the influence of job satisfaction to employee performance, like [10] which succeed prove the

strong positive correlation between job satisfaction and employee performance.

The Influence of Transformational Leadership and Job Satisfaction to Employee Performance

The study found that employee performance variable is simultaneously influenced by transformational leadership variable and job satisfaction variable. Then, the result of calculating determination correlation showed there's any influence from two dependent variables to performance. There's probably another factors to influence employee performance beside that two variables, such as motivation, organizational culture, etc. From this study can be explained that employee job satisfaction will happened if manager is able to apply a transformational leadership concept. Employees can explore themselves optimally, in a good transformational leadership which makes their performance high and at the end they can get some job satisfaction factors, such as get a job as well as their skill, increasing in salary, get a promotion opportunity. Result of this research as according to result of research [14] that leadership of transformational influential direct to organizational performance at the same time influential positive at behavior of its (The subordinate) also leadership of transformational has relationship with personal outcomes member of organization[15]. Beside,[2] concludes that " leadership which transformational is modern leadership type and can give influence at subordinate in doing obligation of main work. [16] That the findings on employees report higher levels of satisfaction in culture in which members exhibit a strong sense of pride in fraternity and interdependence. And also [17] Leadership model of transformational is conceptioning best leadership in explaining success of leader.

5. Conclusions

Based on this study, the author concluded the result:

1. The employee performance is influenced by the transformational leadership. It is shown by the highest correlation between "Ideal Influence" on transformational leadership and "Target Achievement" on performance. It means that as good as transformational leadership which is doing by manager; it would be able to increase the performance of employee.
2. Employee performance is influenced by job satisfaction; it is shown by the highest correlation between "promotion opportunity" on job satisfaction, and "corporation" on performance. It means that employee's job satisfaction influence the employee performance which is management must have to concern much better.
3. The transformational leadership and job satisfaction influence the employee performance. It means that two of the variables, transformational leadership and job satisfaction, are simultaneously influence the performance. Furthermore, employee performance

will happened optimally if those two things are always be concerned.

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