

The influence of leadership styles on employees' job satisfaction in public sector organizations in Indonesia

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ABSTRACT

A good performance potentially creates competitive advantage for any organization. Performance is determined by the role of leaders who influence all members of organizations through clear directions. Likewise, employee satisfaction in improving the performance of an organization also depends on the leader. This study investigates the role of leadership and job satisfaction on employee's performance. Sample of this research includes 160 employees in a public organization in Indonesia. They are analyzed by descriptive and inference statistics for the linearity and regression analysis. The results of the study show that leadership had a significant impact on employee's performance and job satisfaction. They are recommended to be considered when performance needs to be improved.

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1. Introduction

The performance creates the organization's competitive advantage and it is the responsibility of leaders. Management functions, which are planning, organizing, leading and controlling, support organization to achieve its objectives. Achieving a good performance needs a well understanding from all members of organization. However, many challenges appear when a performance measurement is implemented to the organization because of various internal and external problems. Managing performance is a top priority in the organization. Raziq and Maulabakhsha (2015) convinced that job satisfaction affects performance. Organizations must encourage members to focus on the organization goals, as they are important components in the process of achieving the company's goals. The leader plays an important role to organize all resources for change (Canterino et al., 2020). A good leader has dependable abilities in actions, perceptions, and knowledge to solve problems (Klofstad & Anderson, 2018). The leaders can be assessed on their leadership style (Colquitt, Lepine & Wesson, 2015). Munyengabe et al. (2017) defined that job satisfaction is the individual perceptions and attitudes of the job, including the emotional factors. Job satisfaction is influenced by the environment, interpersonal relationships, and organizational culture (Ali, 2015). It influences the personal and social lives, as well as behavior at work.

The study aims to find the role of leadership and job satisfaction on the performance of employees. This is an evidence from a public organization in Indonesia. To address the basic idea of the study, three hypotheses with assumptions which were tested experimentally for a possible solution to the research objective. First, whether the leadership affects to the performance by factors such as the motivation, of idealism, intellectual, individual consideration on reward and management style. Secondly, whether job satisfaction affects to the performance by factors such as mentality, opportunities, support, supervision, and compensation. Thirdly, if the leadership and job satisfaction effect to the performance, and if they do not affect the performance, how to improve the performance itself.

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2. Literature Review

2.1 Leadership

Leadership influences people to achieve the organization's vision and goals (Robbins & Judge, 2011). Trait Leadership Theory focuses on the quality and characteristics of the leader, meanwhile, Behavioral Leadership Theory assesses the leader when preparing the organization planning and deliver it to followers by building mutual trust relationship and respecting to the ideas. Leaders are expected to have good characteristics, and subordinates should be able to access them. Elliot et al. (2016) argued that leadership style is important to develop a professional employee. The leadership is able to improve the performance become a competitive advantage (Patiar & Wang, 2020). Leaders need to motivate followers achieving organizational objectives in solving business-related problems. Leadership in this study is measured by (1) the inspirational motivation, (2) influence factors of idealism, (3) intellectual stimulation, (4) individual consideration on reward and (5) management forms on an exceptional basis.

2.2 Job Satisfaction

Job satisfaction depends on the outcomes and the employee's perception (Gibson, 2009). It is a set of feelings, either unfavorable or favorable, and emotions of employees when performing (Newstrom & Keith, 2002). Yoshifumi, Premkumar & Manzuma-Ndaaba (2017) found a positive correlation between organizational performance and job satisfaction. Job satisfaction is influenced by many factors, which depends on how to employees enjoy work. Job satisfaction and employees support organizational performance. Jung, Bozeman & Gaughan (2017) mentioned that job satisfaction is influenced by demographic factors such as gender, minority status, salary, and working hours. The indicators of job satisfaction in this study are: (1) challenge mentality, (2) progressive opportunities, (3) colleagues support, (4) supervision quality, and (5) salary or wages influences.

2.3 Job Performance

Performance behavior is the organization's expectations on employee's work-related behaviors (Griffin & Moorhead, 2014). The performance is measured in, both the quantity and quality of outcomes (Newstrom, 2011). He, Donnellan & Mendoza (2019) defined that job performance as the perspective of diverse personality traits of employees and organization. Younis, Sundarakani & Mahony (2019) found four types of performance, which are environmental, operational, economic, and social performance. Colquitt, Lepine & Wesson (2015) divided the performance into three dimensions: Task Performance, Citizenship Behaviors and Counterproductive Behaviors.

3. Methodology

3.1 Sample and Respondents Selection

One hundred sixty employees in Development and Innovation Agency of the Ministry of Environment and Forestry's Research, the public organization in Indonesia participated in this survey as respondents. They were selected by using simple random sampling technique.

3.2 Assessment and Measures

This quantitative study is carried out on the influence of leadership (X_1) and job satisfaction (X_2) on employee's performance (Y) as shown in Fig. 1. The major instrument used in this study is a questionnaire designed to find out the influence of leadership, job satisfaction, and job performance. The performance measures in individual mechanism, group mechanism, and organizational mechanism.

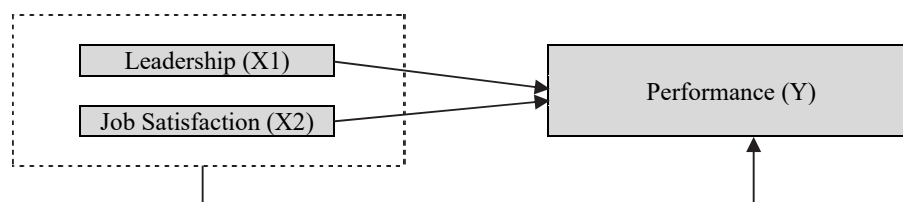


Fig. 1. Hypothetical model

3.3 Procedure

This study is a correlational survey that sought to establish the relationship among the variables, which are leadership (28 items, rel 0.942), job satisfaction (31 items, rel 0.931), and job performance (23 items, rel 0.984). Linearity test and regression analysis were applied to examine the following hypotheses:

- H₁: Leadership (X₁) affects performance (Y).
- H₂: Job satisfaction (X₂) affects performance (Y).
- H₃: Leadership (X₁) and job satisfaction (X₂) together affect performance (Y).

The normality analysis of this study consists of multicollinearity, autocorrelation, and heteroscedasticity tests.

4. Results

4.1 Leadership and Performance

Table 1 is associated with testing hypothesis of the effect of leadership (X₁) on performance (Y). The coefficient correlation (R) of leadership and performance is 0.296. The positive correlation between leadership and performance has proven with the coefficient of determination as 0.087.

Table 1
Correlation between leadership and performance

Model	R	R Square	Adjusted R Square	Estimated Standard Error
1	0.296	0.087	0.082	12.587

Table 2 shows the result of Significance Simultaneous Test of the dependent variable, performance. The F value is 15.141 with a significance level of 0.000 which is below 0.05. Hypothesis (H₁) was accepted that the leadership (X₁) simultaneously affected the performance (Y).

Table 2
ANOVA leadership and performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2398.822	1	2398.822		
Residual	25032.953	158	158.436	15.141	0.000
Total	27431.775	159			

Table 3 is the result of the Significant Test of Parameter (Test Statistic t) of performance. The Significance level was below 0.05 which indicates that leadership (X₁) affects performance (Y).

Table 3
Coefficient leadership and performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Standard Error	Beta		
1 (Constant)	39.277	13.577		2.893	0.004
Leadership	0.552	0.142	0.296	3.891	0.000

4.2 Job Satisfaction and Performance

Table 4 is associated with the testing hypothesis of the effect of job satisfaction (X₂) on performance (Y). The coefficient correlation (R) of job satisfaction and performance is 0.871. The positive correlation between job satisfaction and performance was proven with the coefficient of determination as 0.757.

Table 4
Correlation between job satisfaction and performance

Model	R	R Square	Adjusted R Square	Estimated Standard Error
1	0.871	0.758	0.757	6.477

Table 5 shows the result of Significance Simultaneous Test of the dependent variable, performance. The F value is 495.692 with a significance level of 0.000 which below 0.05. Hypothesis (H₂) was accepted that job satisfaction (X₂) simultaneously affected the performance (Y).

Table 5

ANOVA job satisfaction and performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20801.402	1	20801.402		
Residual	6630.373	158	41.964	495.692	0.000
Total	27431.775	159			

Table 6 shows the result of the Significant Test of Parameter (Test Statistic t) of performance. The Significance level was below 0.05 which indicates that job satisfaction (X_2) affects performance (Y).

Table 6

Coefficient job satisfaction and performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Standard Error	Beta		
1 (Constant)	3.538	4.004		0.884	0.387
Leadership	0.728	0.033	0.871	22.264	0.000

4.3 Leadership, Job Satisfaction and Performance

Table 7 presents the results of testing hypothesis of the effect of leadership (X_1) and job satisfaction (X_2) on performance (Y). The coefficient correlation (R) of leadership and job satisfaction on performance is 0.756. The positive correlation of leadership and job satisfaction on performance was proven with the coefficient of determination as 0.756.

Table 7

Correlation between leadership, job satisfaction and performance

Model	R	R Square	Adjusted R Square	Estimated Standard Error
1	0.871	0.759	0.756	6.484

Table 8 shows the result of Significance Simultaneous Test of the dependent variable, performance. The F value is 247.73 with a significance level of 0.000 which is below 0.05. Hypothesis (H_3) was accepted that leadership (X_1) and job satisfaction (X_2) simultaneously affected the performance (Y).

Table 8

ANOVA leadership, job satisfaction and performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20830.928	2	10415.464		
Residual	6600.847	157	42.044	247.73	0.000
Total	27431.775	159			

Table 9 is the result of the Significant Test of Parameter (Test Statistic t) on performance. The Significance level was below 0.05 which indicates that leadership (X_1) and job satisfaction (X_2) together affect performance (Y).

Table 9

Coefficient leadership, job satisfaction and performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Standard Error	Beta		
1 (Constant)	1.535	7.26		0.211	0.833
Leadership	0.064	0.077	0.034	0.838	0.403

5. Discussion

The finding has shown that leadership has less influence on the organization, having a small effect on performance. However, when leadership style such as transformational type was used, the performance was improved. This finding is in line with Mahdinezhad et al. (2013) which indicated that leadership style has a positive effect on the progress of the performance in the organization.

The study has found that job satisfaction determines the progress of company performance. Job happiness becomes the influence factor of job satisfaction and employee performance (Dugan et al., 2018; Ali et al., 2019). Leadership, job satisfaction, and employee performance have had significant positive relationships (Torlak & Kuzey, 2019). Leadership has a positive relationship with job satisfaction and organizational performance (Muterera et al., 2015).

6. Conclusion

The variables which are examined in this study had a significant influence on performance. Job satisfaction is a determinant factor to improve employee's performance. The study has shown different values depending on experience and education. It is influenced by a leader who manages the organization. The leaders assist employees to exceed expectations by prioritizing organizational performance over self-interest. The relationship between the leader and the organization member is important to prepare future leaders.

7. Limitation of the Study

The research has some limitations. There are only two variables to investigate their roles in the performance. To have more accurate findings, future researches can develop with other variables. Therefore, in future research, data can be enlarged to some similar organizations. It probably produces different results in a different organization, country, culture, and other reasons.

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