The Effect of Leadership Style to Job Satisfaction, Employee Engagement and Employee Performance (Study at PT. Interbat, Bali, Nusra, and Ambon)

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Abstract:

Human resources as one of the important indicators of achieving organizational goals effectively and efficiently and performance is the answer to the success or failure of organizational goals that have been set. Performance can be seen from the achievement of target employees in an organization. Performance at PT.Interbat Bali Nusra Ambon has decreased in 2017 compared to 2016. The purpose of this research is to confirm the linkage of leadership style to job satisfaction, employee engagement and employee performance of PT.Interbat Bali Nusa Ambon. The population and sample in this study is the total population of 53 employees. The analysis technique used in this research is structural equation modeling (SEM) based on variance or component based SEM, known as Partial Least Square (PLS). From the research result, it is found that leadership style has positive and significant effect to job satisfaction, leadership style has no significant effect on employee engagement, leadership style has no significant effect on employee performance, but leadership style will affect employee's work through work mediation and employee engagement, job satisfaction positive and significant impact on employee engagement, employee engagement has a positive and significant impact on employee performance and employee engagement has a positive and significant impact on employee performance.

Keywords: Leadership style, job satisfaction, employee engagement, employee performance

Preliminary:

Human resources (HR) is a major factor in an organization. In achieving its objectives, an organization needs human resources as a system manager. This will make human resource management as one of the important indicators of achieving organizational goals effectively and efficiently. Performance is the answer to the success or failure of organizational goals that have been established, can be improved by providing a good example of a leader. Employee performance has been defined as work performance in terms of quantity and quality expected from every employee (Khan et al., 2010). With the increasing competition, the company has recognized the importance of employee performance because if the employee performance increases it will affect the company's performance and profitability of the company. Factors affecting both performance and work performance are skill and ability, knowledge,
work plan, personality, work motivation, leadership, leadership style, organizational culture, job satisfaction, work scope, loyalty, commitment, work discipline (Kasmir, 2016 : 189). Performance can be seen from the achievement of target employees in an organization. Performance can be seen from the achievement of the target through Monitoring Growth 2017 for the last 2 years starting in 2016 until 2017 at PT. Interbat, Bali area, Nusra, Ambon indicating that the achievement of the target has decreased. In the year 2016 the achievement of the target year for 8 months the resulting sales meet the target even exceed the target and only 4 months of sales generated under the targets indicated from the ACH (Achievement) calculation, while in 2017 period January to July, sales generated only 1 month that meet the target and sales during 6 months that do not meet the targets shown from the ACH (Achievement) calculation every month.

Based on these data and the results of observations and information obtained through interviews that the decline in performance occurs due to leadership changes that cause employee dissatisfaction that refers to the theory of job satisfaction is the theory of justice that states a person will be satisfied or not satisfied depending on whether a person feels the existence of justice or not over a situation and result in decreased employee involvement in the job thus affecting employee performance. Based on the above explanation, this study was conducted to confirm the linkage of Leadership Style to Job Satisfaction, Employee Engagement and Employee Performance of PT. Interbat Bali Nusa Ambon."

Literature Review:

Leadership Style

Leadership is defined as the ability to influence groups toward the attainment of goals (Robbins, 1993). Leadership enables an organization to translate its potential performance into productivity (Samuel, 2005). The Style of Leadership is the way the leader acts and or how he influences his members to achieve certain goals. Experts judge that each person's leadership style is different (Edison, Anwar, and Komariyah, 2016: 93). The notion of leadership style according to Hersey and Blanchard is a behavioral pattern when someone tries to influence others and they accept it. Robinss (2006) identifies four types of leadership styles including: Charismatic leadership style, Transactional leadership style, Transformational leadership style, Visionary leadership style. According to Fiedler's Contingency Model that each individual's leadership style is only effective in certain situations. The Hersey-Blanchard Leadership Model also takes the perspective of situational leadership. For Blanchard the main situational variable, when determining the right leadership style, is the readiness or level of employee development. Consequently there are four leadership styles: Directing, Coaching, Supporting, Delegating. Ideal leadership perspectives have been discussed since 1939 by renowned strategist Kurt Lewin and his colleagues through experiments that culminate on three common points of leadership style: Autocratic, Democrat, and Laissez-Faire. In this study, the leadership style used as an indicator is the leadership style according to Kurt Lewin (1939).

Job satisfaction:

Attitude (attitude) is evaluative questions, either pleasant or unpleasant about the object, person or event. Attitude reflects how feelings about something. Each individual has a different attitude that leads to a positive or negative evaluation that workers have aspects of their work environment, most research in organizational behavior has seen three attitudes: job satisfaction, job involvement, and organizational commitment. According to Robbin and Judge (2015: 46) job satisfaction a positive feeling about work, resulting from an evaluation of its characteristics. A person with a high level of job satisfaction has a positive feeling about his job while a low level person has a negative perception. Locke (1976) describes job satisfaction as "a pleasant or positive emotional state due to a job assessment or a person's work experience". Many factors have been corroborated by researchers such as enthusiastic behavior, hygiene factors, managerial responsibility and workplace environment by developing different theories (Darrow, 1971, Igalens and Roussel, 1999; Brewer et al. 2008; Ahsan et al, 2009; Kuo et al., 2007). Indicators of job satisfaction according to Gibson, Ivancevich, and Donnelly (1993) are Wages, Employment, Promotional Opportunities, Supervisors, Co-workers. The job satisfaction indicator according to Robbins and Judge (2015) is Work itself, Salary, Promotion, Supervision, Coworker, in this research, job satisfaction indicator

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used is job satisfaction according to Robbins and Judge (2015).

**Employee Engagement:**

Employee engagement can be defined in different ways. The employees involved are the people who produce the results, do not often change jobs and most important is the company's ambassador at any time. The performance of the employees involved as defined by the Hay group is as follows "the results achieved by stimulating employees" the enthusiasm for work and directing it towards organizational success (Chandani, Mehta, Mall and Khokhar: 2016) Employee engagement is an engagement individual, satisfaction, and enthusiasm for the work it is doing. To evaluate this, it can be done by asking workers whether workers have access to resources and opportunities to learn new skills, whether the worker feels his job is important and meaningful, and whether the interaction they with their colleagues and superiors give results. The highly engaged workers have a passion in their work and feel a deep connection with their company (Robbin and Judge, 2015: 48). Kahn (1990) is the first researcher to say that involvement means the presence of a psychological employees while performing their duties organizational tasks. There are several factors of employee involvement: recruitment, job designing, career development opportunities, Leadership, Empowerment, Equal opportunities and fair treatment, training and development, performance management, compensation, health and safety, job satisfaction communication, family friend linnes. As for the results of employee involvement there are two results:

1. **Individual Out comes (Individual Results):**
   - a. Motivation
   - b. Commitment
   - c. Satisfaction
   - d. Loyalty
   - e. Security works
   - d. Higher performance

2. **Organizational Outcomes (Organizational Results):**
   - a. Higher profits and Productivity
   - b. Quality Improvement
   - c. Customer satisfaction and loyalty
   - d. Increase Retention
   - e. Revenue growth

Measurement of employee engagement by using UWES (Utrecht Work Engagement Scale) measuring instrument. From some measuring tools that measure employee engagement. UWES is the most academic measuring tool used by researchers around the world. UWES (Utrecht Work Engagement Scale) designed by researchers based on the theoretical concepts of Schaufeli & Bakker (2004) are: Vigor, Dedication, Absorption

**Employee performance:**

Performance is the result of a process that refers and is measured over a specified period of time under predetermined terms or agreements. While understanding performance management according to Michael Armstrong (2006: 1): "performance management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams". Performance or performance is the result or output of a process (Nurlaila, 2010: 71). According to a behavioral approach in management, performance is the quantity or quality of something produced or services provided by someone doing the work (Luthans, 2005: 165). Performance is an achievement of work, namely the comparison between the work with the standard set (Dessler, 2000: 41). Performance is the result of work both in quality and quantity achieved by a person in carrying out the task according to the responsibility given (Mangkunagara, 2002: 22). Indicators to measure the performance of individual employees there are six indicators, namely (Robbins, 2006: 260): Quality, quantity, timeliness, effectiveness, independence, According Jhon Miner (1988) indicators that become benchmarks to achieve or assess performance, as follows: Quality, are: error rate, damage, precision; Quantity, namely: the amount of work produced; Use of time in the work, are: absence rate, delay, effective working time / hours lost; Cooperation with others in work. In this study, the indicator used from employee performance is employee performance according to Jhon Miner (1988).
Research History:

Research conducted by Omidifar (2013) found a positive relationship between leadership style and job satisfaction, some researchers also found the results in line as performed by Sallem (2014) showed a leadership style partially influence on job satisfaction. Durowoju, Toyosi, Yusuf and Sakiru (2013) show the style of formulation and initiative high leadership structure will lead to achievement motivation and job satisfaction. Ahmad, Adi, Noor, Rahman and Yushuang (2013) demonstrate transformational leadership and transactional leadership factors can affect nurses' job satisfaction. Different results from AnsI, Kusdi, and Prasetya (2015) studies that leadership style has an effect on job satisfaction and organizational commitment is negative and insignificant.

Research conducted by Nwokolo, Ifeanacho and Anazodo (2016) found a leadership style predicting significant employee engagement among teachers and several studies with outcomes performed by Vidyakala (2014) show the results of leadership styles affecting employee engagement and have a significant relationship with all factors in employee engagement, Jun NI (2016) show results Leadership style positively affects employee engagement and management performance, Khuong and Yen (2014) with leadership style results have a positive effect on employee engagement. Different results are shown by Wefald, Reichard, and Serrano (2011) which states a weaker (negative) relationship between engagement and leadership performed in a medium-sized financial institution.

Research conducted by Desderio, Piason, and Bhebhe (2016) found a leadership style to be positively correlated to employee performance according to research in line with some studies conducted by Paracha, Qamar, Mirza, Hassan & Waqas (2012) which shows a significantly positive leadership style associated with employee performance. Eddeen (2015) suggests that leadership style has an effect on employee performance. Different results are shown from the results of several studies conducted by Trang, Armanu, Sudiro, and Noermijati (2013) suggesting leadership style has no significant effect on employee performance. Tambalean (2014). Showed work stress and leadership style negatively affect employee performance.

Research conducted by Babu, Suhasmine and Narayanappa (2017) finds job satisfaction is a response to employee engagement, employee engagement and job satisfaction associated with each other, the research is in line with several studies conducted by Vorina, Simonči and Vlasova (2017) showed relationship between employee engagement and positive and significant job satisfaction. Deshwal (2015) shows that there is a positive relationship between job satisfaction and employee engagement. Kaliannan and Adjovu (2014) show the results of job satisfaction alongside the overall employee engagement positively. Different results are shown by Heriyanti and Ramadan (2012), which states that job satisfaction moderated by employee engagement has no effect on employee performance.

Job satisfaction is significantly related to job performance according to research conducted by Javed (2014). The study is in line with several studies conducted by Khan and Afzal (2016) showed job satisfaction has a positive and significant relationship with employee performance perceptions. Susanty and Miradipta (2013) show job satisfaction has a positive effect on employee performance. But the different results shown by Masydzulhak, Ali and Anggraeni (2016) show the effect of job satisfaction and employee performance is negative and insignificant.

Employee engagement positively and significantly influenced employee performance according to research conducted by Mariza (2016) the research is in line with some research conducted by Allameha, Barzoki, Naeini, Khodaeid and Abolghasemian (2014) showed employee engagement has positive and significant value influence performance, Jagannathan (2014) shows that engagement is significant in terms of performance. Different results show some studies conducted by Ali, Hussain, and Azim (2013) using regression analysis showing employee engagement to direct relationships Organizational social capital investment and employee performance negative, Heriyanti and Ramadan (2012) indicate employee engagement is not significant effect on employee performance.
Conceptual Framework

Hypothesis Formulation:
Hypothesis 1 (H1): The leadership style has a positive effect on job satisfaction
Hypothesis 2 (H2): The leadership style positively affects employee engagement
Hypothesis 3 (H3): The style of leadership has a positive effect on employee performance
Hypothesis 4 (H4): Job satisfaction positively affects employee engagement
Hypothesis 5 (H5): Job Satisfaction has a positive effect on employee performance
Hypothesis 6 (H6): Employee engagement positively affects employee performance.

Research Methodology:
In this study population and sample is the entire population that existed or called the census due to the total population of only 53 employees, Data collection methods used in this study (Sugiono: 2010) are interviews, documentation, questionnaires. Testing of instrument of research is Analytical technique used is structural equation modeling (SEM) based on variance or component based SEM, known as Partial Least Square (PLS).

Research Result and Discussion:
The results of the four variables have an AVE value above 0.50 and all variables have an AVE root value higher than the correlation coefficient between one variable with other variables so that it can be said that the data has good discriminant validity, the composite reliability of the four latent variables has been above 0.70, delivered that the reliable indicator block measures the variable. The results of the path coefficient validation test on each path for direct effect and effect can be seen as follows:

Direct Effects Testing Results:

<table>
<thead>
<tr>
<th>Interconnection Variables</th>
<th>Path Coefficient (Bootstrapping)</th>
<th>T-Statistik</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership style (X) -&gt; Job satisfaction (Y1)</td>
<td>0.828</td>
<td>21.553</td>
<td>H1 accepted</td>
</tr>
<tr>
<td>Leadership style (X) -&gt; Employee engagement (Y2)</td>
<td>0.106</td>
<td>0.895</td>
<td>H2 rejected</td>
</tr>
<tr>
<td>Leadership style (X) -&gt; Employee performance (Y3)</td>
<td>-0.354</td>
<td>1.733</td>
<td>H3 rejected</td>
</tr>
<tr>
<td>Job satisfaction (Y1) -&gt; Employee engagement (Y2)</td>
<td>0.794</td>
<td>7.943</td>
<td>H4 accepted</td>
</tr>
<tr>
<td>Job satisfaction (Y1) -&gt; Employee performance (Y3)</td>
<td>0.413</td>
<td>2.312</td>
<td>H5 accepted</td>
</tr>
<tr>
<td>Employee engagement (Y2) -&gt; Employee performance (Y3)</td>
<td>0.696</td>
<td>5.433</td>
<td>H6 accepted</td>
</tr>
</tbody>
</table>
Significant test of the mediation variables in the model can be checked from indirect effect test results with the following results:

<table>
<thead>
<tr>
<th>Mediation Variable Job satisfaction</th>
<th>(a)</th>
<th>(b)</th>
<th>(c)</th>
<th>(d)</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership style (X) → Employee performance (Y3)</td>
<td>-0.354</td>
<td>0.974</td>
<td>0.828</td>
<td>0.413</td>
<td>Full mediation</td>
</tr>
</tbody>
</table>

**Recapitulation of Mediation Variable Testing Result:**

The result of the test of mediation variable that can be submitted is job satisfaction (Y1) is the key variable as mediation that able to mediate positively and significantly on the indirect influence of leadership style (X) on employee performance (Y3). In order to know the overall effect for each relationship among variables as researched, it can be presented recapitulation of direct effects, indirect effects, and total effect as follows:

**Calculation of Direct, Indirect and Total Effects:**

<table>
<thead>
<tr>
<th>No</th>
<th>Relationship Variable</th>
<th>Effect Directly</th>
<th>Effect Indirect</th>
<th>Effect Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leadership style (X) → Job satisfaction (Y1)</td>
<td>0.828&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-</td>
<td>0.828</td>
</tr>
<tr>
<td>2</td>
<td>Leadership style (X) → Employee engagement (Y2)</td>
<td>0.106&lt;sup&gt;NS&lt;/sup&gt;</td>
<td>-</td>
<td>0.106</td>
</tr>
<tr>
<td>3</td>
<td>Leadership style (X) → Job satisfaction (Y1) → Employee performance (Y3)</td>
<td>-0.354&lt;sup&gt;NS&lt;/sup&gt;</td>
<td>0.341</td>
<td>- 0.013</td>
</tr>
<tr>
<td></td>
<td>Leadership style (X) → Job satisfaction (Y1) → Employee engagement (Y2) → Employee performance (Y3)</td>
<td>-0.354&lt;sup&gt;NS&lt;/sup&gt;</td>
<td>0.457</td>
<td>0.103</td>
</tr>
<tr>
<td>4</td>
<td>Job satisfaction (Y1) → Employee performance (Y2)</td>
<td>0.794&lt;sup&gt;a&lt;/sup&gt;</td>
<td>-</td>
<td>0.794</td>
</tr>
<tr>
<td>5</td>
<td>Job satisfaction (Y1) → Employee performance (Y2)</td>
<td>0.413&lt;sup&gt;b&lt;/sup&gt;</td>
<td>-</td>
<td>0.413</td>
</tr>
<tr>
<td>6</td>
<td>Employee engagement (Y2) → Employee performance (Y3)</td>
<td>0.696&lt;sup&gt;b&lt;/sup&gt;</td>
<td>-</td>
<td>0.696</td>
</tr>
</tbody>
</table>
These findings provide guidance on a good leadership style will increase job satisfaction and increase employee engagement so that employee performance will increase according to company goals. Based on these results provide indications, leadership style will be able to improve the work of employees if employees feel satisfied in the work so that will cause a sense of employee engagement that is able to produce optimal employee performance at PT. Interbat Bali Nusra Ambon.

Conclusions:
From the results of this study, it can be concluded that:

1. The better the leadership style applied then the employee will be more satisfied in working.
2. The applied leadership style is not able to increase employee involvement in work.
3. Whatever style of leadership is applied then it is not to improve employee performance, but the style of leadership will be able to improve the work of employees if employees feel satisfied in working so that will cause a sense of employee engagement that can improve employee performance, the higher employee job satisfaction will increase employee engagement in work.
4. He higher the job satisfaction of employees will increase employee engagement in work.
5. The more satisfied employees in the work it will encourage the achievement of higher work.

In improving employee performance at PT. Interbat Bali, Nusa Tenggara, Ambon, leaders are expected to give more attention to the type of leadership style that will be applied in leading employees to pay attention to promotion in employee satisfaction, and also pay attention to the spirit of Vigor, absorption, Dedication in engagement so as to produce maximum employee performance in accordance with company objectives.

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