

# The Effect of Transformational Leadership Style and Work Motivation on Job Satisfaction and Employee's Performance of Aceh Education Agency

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## Abstract

The study aims to determine the effect of transformational leadership style and work motivation on job satisfaction as well as its impact on employee's performance of Aceh Education Agency. The samples are 206 employees of the institution which is selected through proportional sampling methods of job department. The data collected by questionnaire and then the data is analyzed by statistical means of structural equation model (SEM). The study found that transformational leadership style and work motivation have a positive and significant effect on job satisfaction and employee's performance.

**Keywords:** Employee's performance, Job Satisfaction, Transformational Leadership Style and Work Motivation

## I. INTRODUCTION

In order to improve the achievement of its operational activities in the context of organizing public services, especially with regard to primary and secondary education, the head of the Aceh Education Office seeks to improve the performance of its employees. The employee should be able to work well in accordance with their duties and responsibilities. This is very reasonable because the office staff distributed in various fields of duty in accordance with the organizational structure.

The results of preliminary research on documents relating to employee performance based on measures of work behavior obtained information that the performance of employees of these agencies is relatively different from each other. On the one hand, there are employees with relatively good performance and on the other hand, there are also employees with relatively low performance. The existence of some employees with poor performance remains a problem in carrying out their operational activities. So that efforts to improve employee performance are very important to do. So far, efforts to improve employee performance have been carried out through education and training, compensation policy in return for the work of the employees carrying out the work they have done and so on. However, it cannot be denied that employee performance is not only related to education and training and compensation but also is determined by job satisfaction, leadership and work motivation.

Job satisfaction is related to feelings of pleasure and displeasure, comfort and discomfort that is in an employee related to their existence in their work environment. Employees who find satisfaction in their work will feel happy to carry out the tasks assigned. In fact, they will tend to have work loyalty and good commitment to the agencies or institutions where they work. The relationship between job satisfaction and employee performance as evidenced in the research of Ali & Tang (2016) and Al-Shaibah et al. (2017) who concluded that job satisfaction encourages employee performance improvement.

Furthermore, leadership is basically related to the behavior and strategies used by the leader as a result of a combination of skills, traits, and attitudes have shown when trying to influence subordinates. The leadership style intended in this study is a transformational leadership style. Transformational leaders are leaders who are able to inspire subordinates and followers and have a tremendous impact on them. They are also able to change followers' awareness of the various problems faced by helping them see things in new ways. In addition, they are also able to inspire followers to spend extra effort to achieve group goals (Robbins, 2012: 472).

Furthermore, work motivation is an encouragement in a person to make the best contribution possible for the success of achieving organizational goals. The difference in work motivation between one employee and another employee will usually be seen from a variety of activities and even work coaching achieved by the employee (Uno, 2007: 71). The results of empirical studies conducted by Mougbo (2013) also find out that work motivation is important to improve employee performance.

The results of the initial survey conducted by researchers who are currently also employees of the Aceh Education Office are known that job satisfaction and employee's performance are relatively different from each other. Some employees actually have poor performance. Job satisfaction of the Aceh Education Office employees is also relatively different from each other. On the one hand, there are employees who have found job satisfaction, and on the other hand, there are also employees who have not found satisfaction in working. This condition is feared to have an impact on many things related to the employees themselves such as a decrease in discipline and morale and so forth.

In addition, the differences in performance and job satisfaction of employees, and their assessment of the transformational leadership style of their leaders are also relatively different from each other. The results of the preliminary survey also indicate that not all of the employee of the Aceh Education Office has a good assessment of the transformational leadership style.

The results of the initial survey also indicated that the work motivation of employee of the Aceh Education Office was relatively different from each other. Although there are also employees with relatively good work motivation, the results of the initial survey indicate that there is a problem of work motivation among employees of the agency. Some of them have low work motivation.

As explained earlier, the performance and job satisfaction of employee of Aceh Education Office is relatively different from one another. On the one hand, there are employees with relatively high performance and on the other hand, there are also employees with relatively low performance and job satisfaction. In addition, work motivation and employee evaluation on transformational leadership styles are also relatively different. Therefore, the question is whether the job satisfaction and employee performance of the agency are related to work motivation and their assessment of leadership. This study aims to analyze the effect of transformational leadership style and work motivation on job satisfaction and its impact on the employee performance of Aceh Education Office.

## **II. LITERATURE REVIEWS AND HYPOTHESIS DEVELOPMENT**

### **2.1 The link between leadership style and employee's performance**

There are a number of empirical studies that examine the relationship between leadership and employee performance. Yukl (2012) argues that the path-goal theory of leadership explains how the behavior of a leader can influence employee performance which in turn impacts on organizational performance. Oyetunji (2015) states that for the contemporary context, leadership is the art of transforming people and organizations to make positive changes. A leader develops respect, appreciation, and caring for their followers and make them a source of knowledge, information, and performance. This thing is important to improve employee performance and organizational performance.

Referring to the explanation above, it is clear that leadership is a factor forming employee performance. A good perception of employees towards their leadership makes them comfortable in carrying out their work and can ultimately have a positive impact on their performance. The research finding of Iqbal et al. (2015) also provides empirical evidence that leadership significantly impacts employee performance. Likewise, the study of Mohiuddin (2017) also concluded that transformational leadership style has a positive effect on employee performance.

Based on the explanation above, the first hypothesis is that stated as follows:

H<sub>1</sub>: The transformational leadership style has a positive effect on employee's performance

### **2.2 The link between work motivation and employee's performance**

The willingness of an employee to work usually driven by the desire to get something they want to fulfill. They hope the activities that are carried out can make them be in a more satisfying condition as a result of meeting needs (As'ad, 2013: 215). This thing indicates that every human being has need. The effort to fulfill these needs is a driving factor in carrying out work. The existence of relations between work motivation and performance as stated by Mangkuprawira (2013: 117), is that the factors affecting employee performance are relatively complex including intrinsic factors such as work motivation. In addition to being sourced from individual factors, the strength of work motivation can also come from the environment. The values and norms adhered to by the social environment in which a person works can encourage the emergence of work motivation and in turn impact on performance (Fathoni, 2016: 132).

The important role of work motivation in encouraging the formation of performance is also stated by Uno (2007: 71) that work motivation is an important determinant of employee performance. The strength of work motivation is determined by how much the intensity of the motivation they feel, and the achievement of performance is the reflection of their work motivation (Fathoni, 2016: 132).

Based on the explanation above, the second hypothesis is that stated as follows:

H<sub>2</sub>: The work motivation has a positive effect on employee's performance.

### **2.3 The link between transformational leadership style and job satisfaction**

Transformational leadership may be one of the factors affecting job satisfaction. Transformational leaders are leaders inspiring subordinates and followers (Robbins, 2012: 472). A transformational leader always pays attention to the importance of employee empowerment in the workplace. The leader provides opportunities for employees to express their ideas in completing their working load. In addition, a transformational leader also tends to advise the employee. This thing causes the leadership style to be preferred by employees and in turn, improves job satisfaction.

Empirically, the relationship between transformational leadership style and employee job satisfaction has been proven by Ali & Tang (2016) that concluded that the transformational leadership style had a significant impact on job satisfaction. The research study of Paracha et al. (2012), and Widodo (2014) also found the same results that transformational leadership styles can encourage employee's job satisfaction.

Based on the explanation above, the third hypothesis of the research study is that stated as follows:

H<sub>3</sub>: The transformational leadership style has a positive effect on employee's job satisfaction.

### **2.4 The link between work motivation and job satisfaction**

Job satisfaction of employees is an important factor for an organization in increasing the work motivation of its employees. This is due to that if employees find satisfaction in work, they will tend to have good work motivation to do the work they are charged with. Handoko (2012: 252) emphasizes that work motivation is related to work satisfaction. This is also supported by Hasibuan (2012: 202) suggesting that high-motivate employees will usually carry out the best for their working so that it has an impact on their success in carrying out the work they are charged with. This condition will, in turn, encourage the improvement of job satisfaction.

Based on the explanation above, the fourth hypothesis of the research study is that stated as follows:

H<sub>4</sub>: The work motivation has a positive effect on employee's job satisfaction

### **2.5 The link between job satisfaction and employee's performance**

Job satisfaction is an important condition for obtaining optimal work results. An employee who finds satisfaction in work will usually be happy to carry out work so he will always do his best in completing the work. In turn, job satisfaction not only affects the seriousness of working but also impacts on performance (Luthans, 2015: 212). Empirically, the existence of a positive relationship between employee satisfaction and performance has been proven by a number of previous researchers. The results of the study of Chong and Dung (2013) concluded that job satisfaction can improve employee performance which in turn has a good impact on improving organizational performance. In line with Chong and Dung, research conducted by Sewang (2015) also concluded that the performance of an employee is significantly affected by job satisfaction. Previously, the research study of Paracha et al. (2012) also proves the existence of a positive relationship between the two variables.

Based on the explanation above, the fifth hypothesis of the research study is that stated as follows:

H<sub>5</sub>: Job satisfaction has a positive effect on employee's performance.

## **III. RESEARCH FRAMEWORK**

This study operationalized four variables consisting of job satisfaction, employee performance, leadership, and work motivation. Job satisfaction and employee performance are endogenous variables. While leadership and work motivation are exogenous variables. The relationship between endogenous and exogenous variables is not only supported by theoretical basics but also recommended by most studies as explained previously. Therefore, the research framework of this study as depicted in Figure 1.

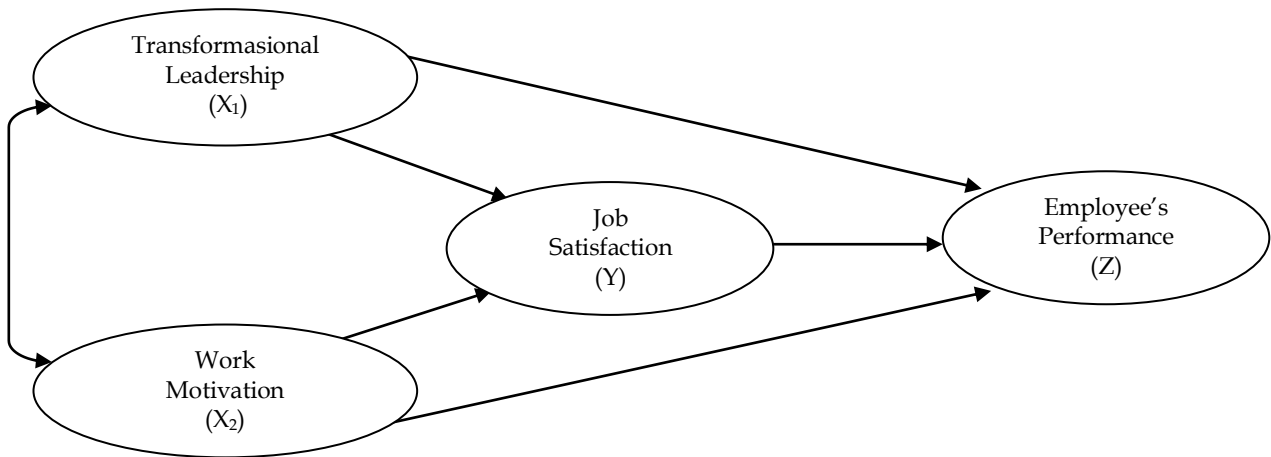


Figure 1  
Research Framework

#### IV. RESEARCH METHODS

The study population was all employees of the Aceh Education Office, which totaled 424 people. They source from several different fields of work. Determination of the number of samples used Slovin formula. Using a margin of error of 5%, the minimum number of employees used as the study sample was 206 people. Sampling is done proportionally based on the field of the work.

In order to obtain the required data, data collection uses field research (field research) by distributing questionnaires. The questionnaire contains a number of statements relating to employee performance, job satisfaction, leadership and work motivation. Each statement was given an alternative choice in the form of approval level, which was then given a weight based on a Likert scale with scores ranging from 1-5. Scoring applies provisions 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree (Amri & Surya, 2013). Furthermore, the statistical means used to analyze the influence between variables is structural equation model (SEM) which is operated through AMOS 21.

#### V. RESULT AND DISCUSSION

##### 5.1 The result of confirmatory factor analysis test and measurement model

The first stage in using SEM as a means of data analysis is to carry out confirmatory factor analysis (CFA) tests. In this test, a significance test of the factor weight and a model of the suitability test was conducted. Test the significance of factor weights intended to test whether each indicator is valid to measure the construct. The benchmark used is the value of loading factors. The required value is at least 0.70. This means that an indicator is declared valid if it has a value of loading factor above 0.70. Conversely, if the value of the loading factor of an indicator is smaller than 0.70 then the indicator is declared invalid to measure the construct (Ghozali, 2011). Another benchmark in assessing the significance of factor weights is the critical ratio (CR). This is intended to measure whether the indicators in each construct are significantly the dimensions of the construct, provided that  $CR > 2.00$  and  $p\text{-value} < 0.05$  can be interpreted that the indicators significantly being dimensions of the measured construct.

The CFA test results indicate that there are a number of indicators for each variable studied that do not meet the stipulated conditions. Some indicators have a loading factor of less than 0.70. Therefore, the indicator is then reduced at the next stages of the test. Furthermore, the indicators which are included in the full structural analysis are only indicators that fulfill these requirements.

In the second stage, a measurement model test is conducted. This test is basically carried out simultaneously with the CFA stage. The benchmarks of the test consist of several statistical parameters as a standard of the goodness of fit. The parameters pertaining  $\chi^2$ , GFI (Goodness of Fit Index), AGFI (Adjusted Goodness of Fit Index), CMIN / DF which is the minimum sample discrepancy function divided by degree of freedom, TLI (Tucker Lewis Index) and CFI (Comparative Fit Index). The measure of measurement is stated to be good in reference to the model of the goodness of fit index. After going through two stages of data processing, the results of the measurement model are obtained as shown in table 1.

Table 1. The result of measurement model

Goodness-of-Fit Index	Value Criterion	Result of test	Evaluasi Model
$\chi^2$ - Chi-square	$X^2_{hit} < X^2_{tab}$	121,023 < 215.563	Good
Significance Probability	$\geq 0,05$	0,098	Good
GFI	$\geq 0,90$	0,924	Good
AGFI	$\geq 0,90$	0,917	Good
CFI	$\geq 0,95$	0,976	Good
TLI	$\geq 0,95$	0,965	Good
RMSEA	$\leq 0,08$	0,062	Good
CMIN/DF	$\leq 2,00$	0,661	Good

Source : Primary Data (Processed), 2019

Furthermore, the results of the full structural model explain the relationship between the research variables as shown in Figure 1.

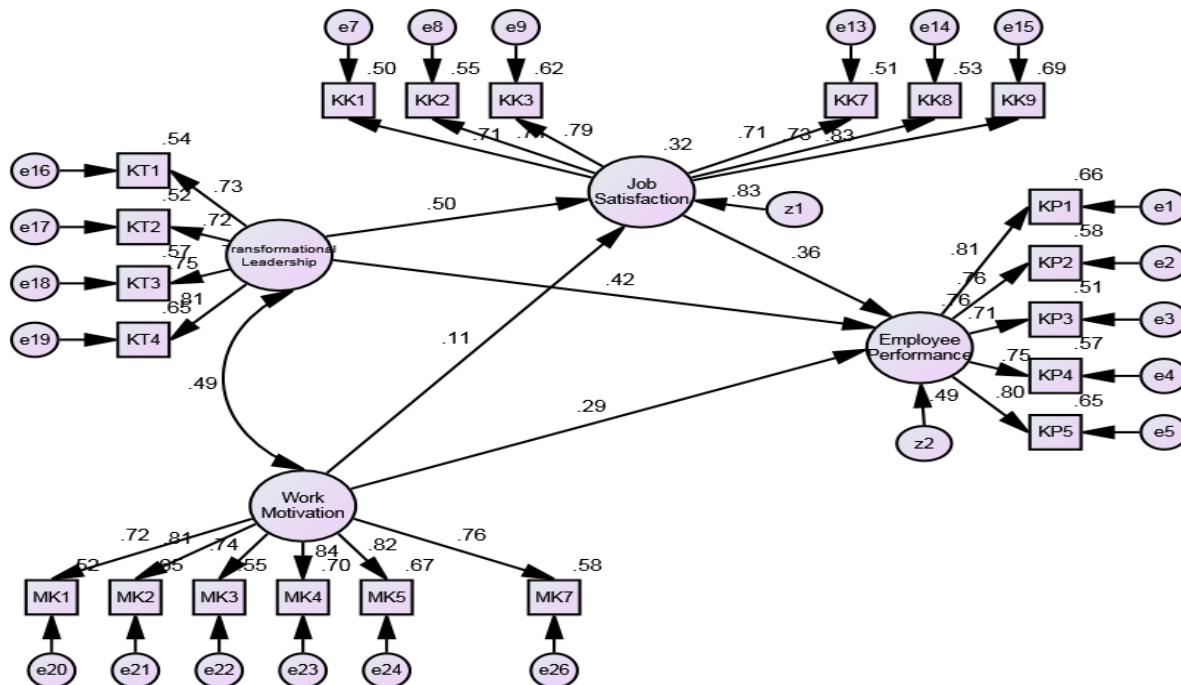


Figure 2  
The result of Full Structural Model

Furthermore, the path coefficients of the exogenous construct (transformational leadership and work motivation) towards endogenous constructs (job satisfaction and employee performance) as shown in Table 2.

Table 2. Path coefficients of each research variable

			Estimate Coefficient	C.R.	P-Value	Hypothesis
Job satisfaction	<---	Transformational leadership	.501	5.313	***	Accepted
Job satisfaction	<---	Work motivation	.109	1.344	.179	Rejected
Employee's performance	<---	Work motivation	.292	4.740	***	Accepted
Employee's performance	<---	Transformational leadership	.423	5.556	***	Accepted
Employee's performance	<---	job satisfaction	.362	5.234	***	Accepted

Source : Primary Data (Processed), 2019

\*\*\* denotes for the significant at 99% level.

## ***The Effect of Transformational Leadership Style and Work Motivation on Job Satisfaction..***

Based on the table above, the discussion of the influence between variables as represented in the following section.

### **5.2 Analysis of the effect of transformational leadership and work motivation on employee's performance**

Transformational leadership has a positive and significant effect on employee performance. This is indicated by the path coefficient of the variable amount to 0.423 and the p-value of 0.001 ( $<0.05$ ). That thing means that the increase in the intensity of transformational leadership significantly impacts on employee performance. A good-perceiving employee on transformational leadership will have better performance compared to a worst-perceiving employee. That is, there is a unidirectional relationship between transformational leadership played by the leader on the one hand and employee performance on the other. Furthermore, work motivation also has a positive effect on employee performance. This is marked by the path coefficient value of 0.292 and the p-value of 0.001 ( $<0.05$ ). This means that increasing work motivation also significantly improve employee performance.

Referring to the p-value of the respective variables, the first hypothesis which states the transformational leadership style effect on the employee performance of Aceh Education Office is acceptable. Likewise, the second hypothesis which states that work motivation effect on the employee's performance of the Aceh Education Office also is accepted.

The positive and significant effects of transformational leadership on employee performance is in line with the findings of previous research conducted by Iqbal et al. (2015) and Mohiuddin (2017) also found that transformational leadership can improve employee performance. Furthermore, the existence of a significant effect of work motivation on employee performance confirms the statement of Uno (2007: 71) which states that work motivation is an important determinant of an employee's performance. Achievement of work results of an employee that is significantly influenced by work motivation.

### **5.3 Analysis of the effect of transformational leadership and work motivation on job satisfaction**

Transformational leadership and work motivation have a positive and significant effect on employee job satisfaction. This is indicated by the path coefficient of the variable is 0.501 for transformational leadership and 0.109 for work motivation, respectively. The p-value of the two variables is 0.001 ( $<0.05$ ) for transformational leadership and is 0.179 ( $> 0.05$ ) for work motivation, respectively. This means that transformational leadership has a significant effect on employee job satisfaction. Thus, the third hypothesis that states transformational leadership style effect on employee's job satisfaction is accepted. This finding is consistent with the results of the study of Ali & Tang (2016) that concluded that the transformational leadership style had a significant impact on job satisfaction. The research study Widodo (2014) also found the same results that transformational leadership styles can encourage employee's job satisfaction..

Furthermore, the p-value of the employee job satisfaction effects of work motivation is 0.179. This number is also greater than 0.05 so that the fourth hypothesis is unacceptable which means that work motivation does not affect the job satisfaction of the Aceh Education Office. This finding is not in line with Handoko's statement (2012: 252) emphasizing that work motivation is related to work satisfaction.

### **5.4 Analysis of the effect of job satisfaction on employee's performance**

Job satisfaction has a positive and significant effect on the employee performance of Aceh Education Office. Statistically, the positive and significant influence was indicated by the path coefficient of job satisfaction on employee performance of 0.362 and the p-value of 0.001 ( $<0.05$ ). This provides empirical evidence that the higher job satisfaction the better the employee's performance will be. Conversely, the lower-satisfied employee will tend to have poor performance. Referring to the explanation, the fifth hypothesis which states job satisfaction has an effect on employee performance can be accepted. This finding supports the results of research conducted by a number of researchers, for example, Chong and Dung (2013) and Sewang (2015) have found out that job satisfaction has a positive effect on employee performance.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

Transformational leadership style and work motivation influence the employee performance of Aceh Education Office. The higher the intensity of the application of transformational leadership styles in these agencies the better the employee performance. Conversely, when the application of transformational leadership style is judged to be poor by employees, these conditions can encourage a decrease in their performance. Similarly, the effect of work motivation on employee performance. The better the work motivation, the better the employee's performance. Conversely, when

## ***The Effect of Transformational Leadership Style and Work Motivation on Job Satisfaction..***

employees have relatively low work motivation, then these conditions have a significant impact on their performance degradation. Transformational leadership style influences the employee job satisfaction of the Aceh Education Office. The better the intensity of the application of transformational leadership, the higher the job satisfaction. This indicates that in general the employees of the agency like transformational leadership style. Conversely, when leaders are unable to apply transformational leadership style well, then these conditions can have an impact on decreasing employee job satisfaction.

Work motivation has a positive and insignificant effect on employee job satisfaction of Aceh Education Office. This indicates that work motivation does not determine the level of job satisfaction of the employees. Furthermore, job satisfaction has positive and significant effects on employee performance. The higher the job satisfaction, the better the employee performance. Conversely, when job satisfaction decreases, employee performance also decreases. In other words, there is a unidirectional relationship between job satisfaction on one side and employee performance on the other side.

Referring to the conclusions explained above, the recommendations of this study is that the Head of the Aceh Education Office needs to improve employee job satisfaction and applying the intensity of transformational leadership style. Operationally, efforts to increase employee job satisfaction can be done through the attention of leaders to outstanding employees, recognition of the success of employees in work, and the existence of good communication links between employees in their work environment at the institution. In addition, the head of the institution must also increase employee motivation. Efforts to increase work motivation can be done by providing a good understanding for each employee about the need to improve the quality of work results, the importance of efforts to achieve predetermined work targets and the obligation of an employee to always be responsible for solving their respective workloads. The leader must also be able to generate strong desires in the employee so that they can complete all their work properly and measurably.

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