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# The Effect of Transformational Leadership Style and Job Satisfaction on Employee Performance

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KEYWORDS	ABSTRACT
<p><b>Keywords:</b> Transformational leadership style; job satisfaction; employee performance</p> <p><b>Conflict of Interest Statement:</b> The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.</p> <p><b>Copyright © 2023 AHRMR. All rights reserved.</b></p>	<p><b>Purpose:</b> This study aims to analyze and determine the effect of transformational leadership style and job satisfaction on employee performance at PT Mandiri Utama Finance in Makassar City. The study hypothesizes that both transformational leadership and job satisfaction positively and significantly impact employee performance.</p> <p><b>Research Design and Methodology:</b> The study population comprised 225 employees of PT Mandiri Utama Finance, with a purposive sample of 68 employees. Primary data were collected directly from respondents through questionnaires. The data analysis included descriptive statistics, validity and reliability tests, normality, multicollinearity, heteroscedasticity tests, and hypothesis testing using multiple linear regression, t-tests, f-tests, and coefficient of determination tests.</p> <p><b>Findings and Discussion:</b> The results indicate that both transformational leadership style and job satisfaction have a positive and significant effect on employee performance, both individually and collectively. This suggests that enhancing leadership practices and fostering job satisfaction can significantly improve employee performance at PT Mandiri Utama Finance.</p> <p><b>Implications:</b> The findings have important implications for organizational policies and practices, particularly in leadership development and employee engagement strategies. Future research could explore additional factors influencing employee performance and extend the study to different organizational settings to enhance the generalizability of the results.</p>

## Introduction

The quality of its human resources largely determines the success of a company. Qualified and skilled human resources are crucial in achieving the company's goals and objectives. Employees play a vital role in driving the company's progress, as they carry out various tasks, show creativity, and maintain high motivation levels (Iskandar & Andriani, 2020). Regardless of the available facilities and infrastructure, a company will only achieve its objectives with qualified human resources. Recognizing the importance of human resources, companies strive to ensure that every individual within their organization can support the achievement of organizational goals (Putra et al., 2019). Performance is the result achieved by an individual or group within a company in accordance with their authority and responsibility to achieve organizational goals (Afandi, 2018). Employee performance is influenced by various factors, including leadership style and job satisfaction (Sutrisno, 2016). Effective leadership, which plays a critical role in guiding employees towards achieving company objectives, has a

significant impact on their morale and job satisfaction, ultimately enhancing their overall performance (Kadra & Susanti, 2019). Transformational leadership has been highlighted as a key factor in enhancing employee performance by fostering motivation and commitment (Lovina, 2022).

Recent studies have explored the influence of transformational leadership and job satisfaction on employee performance. For example, Cahyono et al. (2014) found that transformational leadership does not significantly affect employee performance. In contrast, research by N. L. Dewi et al. (2018) indicated that transformational leadership positively impacts employee performance. Similarly, Damayanti et al. (2018) concluded that job satisfaction significantly influences employee performance, while Hanifah (2016) found no significant effect of job satisfaction on performance. These studies highlight the varied findings regarding the impact of transformational leadership and job satisfaction on employee performance, suggesting further investigation to understand these relationships better.

The findings of previous studies need to be more consistent in understanding the factors influencing employee performance, particularly regarding the role of transformational leadership and job satisfaction. While some studies suggest a positive relationship between these variables and employee performance, others do not find significant effects, highlighting the need for more context-specific research. The present study addresses this gap by focusing on PT Mandiri Utama Finance, a subsidiary of Bank Mandiri that is engaged in motor and car financing. Observations at PT Mandiri Utama Finance reveal differences in leadership and employee dynamics compared to theoretical expectations, especially regarding the application of transformational leadership and its impact on employee performance.

Based on the inconsistencies in previous research and the observed phenomena at PT Mandiri Utama Finance, this study investigates the impact of transformational leadership and job satisfaction on employee performance. The research aims to determine whether transformational leadership and job satisfaction significantly influence employee performance at PT Mandiri Utama Finance. The novelty of this study lies in its examination of these factors within a specific organizational context that has yet to be extensively studied before, mainly focusing on a subsidiary of a significant financial institution operating in the motor and car financing sector. Unlike previous studies that often generalized findings across various industries, this study provides a nuanced understanding of how transformational leadership and job satisfaction interact to affect employee performance in a unique market and operational environment. Additionally, by incorporating the effects of remote work dynamics during the COVID-19 pandemic, the research offers new insights into contemporary leadership and employee management challenges, contributing to theoretical development and practical applications in similar settings.

## Literature Review

### *Leadership and Its Impact on Organizational Outcomes*

Leadership is critical in shaping organizational outcomes and has been extensively studied in management literature. Effective leadership is integral to driving organizational success, as it significantly impacts employee morale, job satisfaction, job security, quality of work life, and overall performance levels. Leaders are crucial in steering their teams, companies, or communities toward achieving their goals. However, what makes a leader effective? According to Handoko (2012), influential leaders are often characterized by certain traits or qualities, such as charisma, vision, intensity, and self-confidence. These qualities enable leaders to influence and motivate their subordinates, fostering a productive and positive work environment. Different scholars have conceptualized leadership in various ways. Alex (2006) describes managerial leadership as the process of directing and influencing the activities of a group of members who are interconnected by their tasks. This definition underscores the role of leaders in guiding and shaping the behavior of their subordinates to achieve organizational goals. Similarly, Deddy (2011) defines leadership as a combination of traits, characteristics, and behaviors that enable an individual to foster commitment, loyalty, and cooperation among employees to achieve company objectives. Ihsan (2019) adds that leadership fundamentally represents a leader's behavior, reflecting their ability to guide and inspire their team.

Transformational leadership has been a focus of attention in recent years due to its potential to drive significant organizational change and enhance employee performance. According to Hendrawati (2015), transformational leadership is built on the relationship between leaders and subordinates, grounded in shared values, beliefs, and assumptions regarding the organization's vision and mission. Transformational leaders are known for their ability to inspire and motivate their followers to exceed their usual performance levels. They achieve this by creating a compelling vision of the future, fostering a sense of purpose, and encouraging employees to look beyond their self-interests for the greater good of the group or organization. Transformational leadership is conceptually defined as the ability of a leader to transform the work environment, motivation, work patterns, and perceived work values, enabling subordinates to optimize their performance to achieve organizational goals. This leadership style emphasizes creating a supportive and empowering work environment where employees feel valued and motivated to contribute to the organization's success. By fostering an inclusive and motivating work culture, transformational leaders can enhance employee morale, job satisfaction, and overall performance (Hendrawati, 2015).

The effectiveness of leadership in influencing organizational outcomes depends on several factors. Reitz (as cited in Zulfikar, 2018) identifies critical factors that can affect leadership effectiveness, including the leader's personality, past experiences, and expectations; the expectations and behaviors of superiors; the characteristics and expectations of subordinates; task requirements; organizational climate and policies; and peer expectations. These factors collectively determine a leader's leadership style and effectiveness in motivating employees and achieving organizational goals.

#### ***Factors Influencing Leadership Effectiveness and Employee Satisfaction***

Job satisfaction is another critical factor that significantly influences employee performance. It reflects an individual's response to what they expect when working compared to what they receive after performing their job (Astuti, 2015). Robbins (2015) defines job satisfaction as a general attitude toward one's job, which involves the difference between the rewards workers receive and the rewards they believe they should receive. Job satisfaction is essential for ensuring that employees remain motivated, engaged, and committed to their work, ultimately affecting their overall performance and contribution to the organization. Several studies have highlighted the importance of job satisfaction in enhancing employee performance. High levels of job satisfaction have been associated with increased employee motivation, lower turnover rates, reduced absenteeism, and improved organizational commitment (Robbins, 2015). Conversely, low job satisfaction can lead to decreased productivity, higher turnover rates, and increased absenteeism, negatively impacting organizational performance. Understanding the factors contributing to job satisfaction, such as fair compensation, a positive work environment, opportunities for growth and development, and effective leadership, is crucial for organizations seeking to enhance employee performance and achieve their goals. Prawirosentono (2019) defines performance as the work results achieved by an individual or group within an organization in line with their authority and responsibilities to achieve organizational goals legally and ethically. Performance is a multifaceted construct influenced by various factors, including abilities, skills, knowledge, job design, personality, motivation, leadership, organizational culture, job satisfaction, work environment, loyalty, commitment, and work discipline (Veliu, 2017). Each of these factors plays a critical role in shaping employee performance and determining the organization's overall effectiveness.

Leadership style is a critical determinant of employee performance, as it directly impacts how tasks and responsibilities are managed and executed. Transformational leadership, for example, has positively impacted employee performance by fostering a sense of purpose, motivation, and commitment among employees (Lovina, 2022). Transformational leaders can enhance employee performance and drive organizational success by creating a positive work environment that encourages collaboration, innovation, and continuous improvement. Measuring employee performance is essential for both leaders and employees. According to Mangkunegara (2016), performance measurement helps leaders reduce involvement in all tasks, save time, unify opinions, reduce misunderstandings, and allow employees to learn from their mistakes. For employees, performance measurement clarifies their responsibilities, provides opportunities for skill development, and identifies performance barriers

and resource needs (Fahmi, 2016). Effective performance measurement ensures that employees remain motivated, engaged, and committed to their work, ultimately contributing to the organization's success.

### ***Employee Performance and Influencing Factors***

Performance is the work results achieved by an individual or group within an organization, in line with their authority and responsibilities, to achieve organizational goals legally and ethically (Prawirosentono, 2019; Ukaidi, 2016). Various factors influence employee performance, including abilities, skills, knowledge, job design, personality, motivation, leadership, organizational culture, job satisfaction, work environment, loyalty, commitment, and work discipline (Velu, 2017). Leadership style is a critical determinant of employee performance, as it directly impacts how tasks and responsibilities are managed and executed. Several studies have explored the impact of leadership style and job satisfaction on employee performance, yielding mixed results. For example, Cahyono et al. (2014) found that transformational leadership does not significantly affect employee performance, while N. L. Dewi et al. (2018) reported a positive impact. Similarly, Damayanti et al. (2018) concluded that job satisfaction influences employee performance, whereas Hanifah (2016) found no such effect. These inconsistencies suggest that the relationship between leadership style, job satisfaction, and employee performance is complex and context-dependent, highlighting the need for further research to understand these dynamics better. The present study aims to investigate the impact of transformational leadership and job satisfaction on employee performance at PT Mandiri Utama Finance. By focusing on a specific organizational context, this study seeks to provide a nuanced understanding of how these factors influence employee performance. Additionally, the study examines the role of remote work dynamics during the COVID-19 pandemic, offering new insights into contemporary challenges in leadership and employee management.

### ***Hypotheses Development***

Based on the literature review, it is evident that transformational leadership and job satisfaction are significant determinants of employee performance. However, previous studies have shown inconsistent findings regarding their impact. For example, Cahyono et al. (2014) found that transformational leadership does not significantly affect employee performance, whereas N. L. Dewi et al. (2018) reported a positive impact. Similarly, Damayanti et al. (2018) found that job satisfaction influences employee performance, while Hanifah (2016) found no such effect. Given these discrepancies, this study aims to investigate the impact of transformational leadership and job satisfaction on employee performance at PT Mandiri Utama Finance.

*H<sub>1</sub>: Transformational leadership has a positive and significant effect on employee performance.*

*H<sub>2</sub>: Job satisfaction has a positive and significant effect on employee performance.*

## **Research Design and Methodology**

This type of research is quantitative descriptive research, which aims to determine the degree of relationship and influence between two or more variables. In this study, the authors made 225 employees of PT Mandiri Utama Finance as the population, of which 225 people were combined between employees of PT Mandiri Utama Finance Pettarani branch and PT Mandiri Utama Finance Latimojong branch. The sampling technique uses purposive sampling, which is sampling with specific criteria. The sample criteria in this study are permanent employees of PT Mandiri Utama Finance who hold a minimum section head position, so a sample size of 68 employees was obtained.

The data source used is primary data, namely data obtained directly from respondents by distributing questionnaires (research questionnaires) to the objects to be studied. To measure each variable indicator in this study, a Likert scale with five alternative answers was used, namely: Strongly agree (SS) with a score of 5, Agree (S) with a score of 4, Disagree (KS) with a score of 3, Disagree (TS) with a score of 2 and Strongly Disagree (STS) with a score of 1. The data that has been collected will be analyzed through several stages of testing. The first stage is to conduct a descriptive statistical

test. The second stage is the research data instrument test (validity test, reliability test). The third stage is the classic assumption test (normality test, multicollinearity test, heteroscedasticity test). The fourth stage tests all hypotheses proposed in this study, which will be proven through partial test (t test), simultaneous test, and coefficient of determination test.

**Table 1.** Operational Definition and Measurement

Variable	Code	Indicator	Major Reference
Transformational Leadership	X1.1	Identify themselves as agents of change	(Lomanjaya & Laudi, 2014; Purnawati et al., 2017)
	X1.2	Brave individuals	
	X1.3	They trust people	
	X1.4	They are value attractors	
	X1.5	Visionary	
Job Satisfaction	X2.1	Satisfaction with salary	(Azeem, 2014; Nabawi, 2019)
	X2.2	Satisfaction with the job itself	
	X2.3	Satisfaction with promotion	
	X2.4	Satisfaction with supervisor's attitude	
	X2.5	Satisfaction with coworkers	
Employee Performance	Y1.1	Quantity of work	(Alghazo & Al-Anazi, 2016; Sugiono & Efendi, 2020)
	Y1.2	Quality of work	
	Y1.3	Discipline	
	Y1.4	Initiative	
	Y1.5	Creativity	

*Source: SPSS Output, 2023*

## Findings and Discussion

### Findings

Respondent characteristics are used to determine the diversity of respondents based on gender, age, education, position, and length of service. This is expected to provide a relatively clear picture of the respondents' condition and relationship to the study's problems and objectives. The diversity of respondent characteristics can be shown in table 2.

**Table 2.** Respondent Demographic Data

Variable	Measurement	n	%
Gender	Man	41	60,3
	Woman	27	39,7
Age	25 - 30 Year	7	10,3
	31 - 35 Year	38	55,9
	36 - 40 Year	22	32,4
	> 40 Year	1	1,5
Education Level	Bachelor	60	88,2
	Master	8	11,8
Position Levels	Section Head	50	73,5
	Branch Manager	13	19,1
	Marketing Head	4	5,9
	Regional Div Head	1	1,5
Length of Service	5-10 Year	30	44,1
	11-15 Year	37	54,4
	> 20 Year	1	1,5

*Source: SPSS Output, 2023*

Based on Table 2, the identity of respondents is based on gender; the respondents in this study consisted of 41 men, or 60.3%, and 27 women, or 37.9%. Description of respondents according to age: 7 people aged 25 years-30 years or 10.3 percent, 38 people 31-35 years or 55.9 percent, 36-40 as many as 22 or 32.4 percent, and respondents aged > 40 years only one person or 1.5 percent. Identification of respondents based on their last education: 60 or 88.2 percent of respondents with the last S1 education have been identified, and 8 or 11.8 percent of respondents with the last S2 education have been identified. Identification of respondents by position: 50 respondents who served as Head / SPV were 73.5 percent, 13 or 19.1 percent of the respondents who served as Branch Leader / Branch Head, 4 or 5.9 percent of the respondents who served as Head / Branch Head, and 5.9 percent of the



respondents served as Regional Division Head. Identification of respondents' working years: respondents who worked for 5-10 years were 30 or 44.1 percent, those who worked for 11-15 years were 37 or 54.4 percent, and those who worked for > 20 years were 1 or 1.5 percent.

The first stage carried out is descriptive statistical analysis. Descriptive analysis is a statistical method used to analyze the collected data. It is intended to describe the data of the object under study. The results of the analysis can be seen in Table 3.

**Table 3.** Descriptive Variable

	N	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership	68	3	5	4.6366	.39137
Job Satisfaction	68	3	5	4.5000	.42928
Employee Performance	68	3	5	4.6928	.30239
Valid N (listwise)	68				

*Source: SPSS Output, 2023*

The transformational leadership variable has the lowest score (3) and the highest answer score (maximum) of 5. Based on the average value of 4.63, the respondents' responses are very optimistic regarding transformational leadership. With a standard deviation of 0.39, the standard deviation is smaller than the average value. This indicates that the data distribution of respondents' perceptions of transformational leadership (X1) is stated to be good and can be used to explain the performance of PT Mandiri Utama Finance employees.

The satisfaction variable has the lowest (minimum) score of 3 and the highest (maximum) answer score of 5. Based on the average value of 4.5, respondents' responses are very optimistic regarding job satisfaction. With a standard deviation of 0.42, the standard deviation is smaller than the average value. This indicates that the data distribution of respondents' perceptions of job satisfaction (X2) is declared good and can be used to explain the performance of PT Mandiri Utama Finance employees.

The employee performance variable had the lowest score (minimum) of 3 and the highest answer score (maximum) of 5. Based on the average value of 4.6, the respondents' responses were very positive regarding employee performance. With a standard deviation of 0.30, the standard deviation is smaller than the average value. This indicates that the data distribution of respondents' perceptions of employee performance (Y) is declared good.

The second stage is the data quality test, which consists of validity and reliability tests—the validity test measures whether a questionnaire is valid or not. The validity test is calculated by comparing the calculated r-value (correlated item-total correlations) with the table r-value. If  $r_{count} > r_{table}$  (at a significant level of 5%), then the statement is declared valid. Moreover, a variable is reliable if it provides a Cronbach Alpha ( $\alpha$ ) value  $> 0.60$ . The test results can be seen in Table 4.

**Table 4.** Normality Test Results

Unstandardized Residual		
N		68
Normal Parameters <sup>a,b</sup>	.0000000	.0000000
	.15234517	.15234517
Most Extreme Differences	.104	.104
	Positive	.085
	Negative	-.104
Test Statistic		.104
Asymp. Sig. (2-tailed)		.064c

*Source: SPSS Output, 2023*

Based on Table 4, the normality test results obtained with a sig value = 0.064  $> 0.05$  mean that it can be concluded that the data to be used in testing direct and indirect relationships has a normal distribution; the reason is that it has a sig value  $> 0.05$ .

The multicollinearity test is carried out to determine the existence of an attachment between the independent variables; in other words, each dependent variable can be explained by other independent variables so that to find out whether there is collinearity in this study, it can be seen

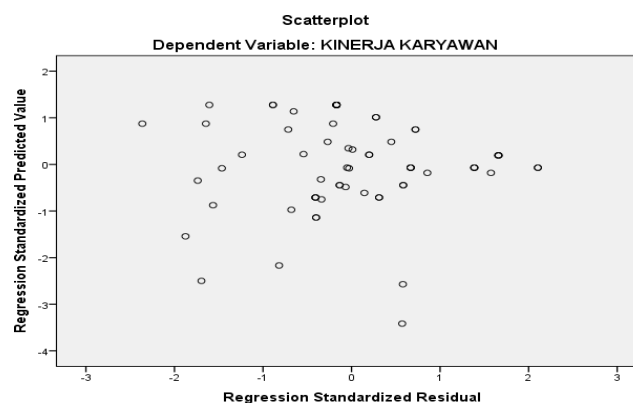
from the variance inflation factor (VIF) value. The VIF value limit of more than 10 indicates high collinearity; if there are symptoms of multicollinearity, one step to improve the model is to eliminate the variables in the regression model, for more details on the multicollinearity test results, see Table 5.

**Table 5.** Multicollinearity Test Results

Variable	Collinearity Statistics		VIF Standard	Decition
	Tolerance	VIF		
Transformational Leadership	.858	1.165	10	No multicollinearity symptoms
Job Satisfaction	.858	1.165	10	No multicollinearity symptoms

*Source: SPSS Output, 2023*

Based on the multicollinearity test results in Table 5, the VIF value < 10 is obtained; this means there is no multicollinearity. Furthermore, heteroscedasticity is tested using the scatterplot graph. The basis for making this decision is that if a particular pattern forms a regular pattern, then heteroscedasticity occurs. There is no heteroscedasticity if there is no clear pattern, and the dots spread. The results of the heteroscedasticity test are shown in Figure 1.



**Figure 1.** Heteroscedasticity Test Results

*Source: SPSS Output, 2023*

The results of the heteroscedasticity test in Figure 1 show no clear pattern and a spread of points, so it can be concluded that there are no symptoms of heteroscedasticity.

The fourth stage involves testing all hypotheses through multiple linear regression analysis. This method aims to determine the effect of leadership and motivation on employee performance. The Statistical Package for Social Science (SPSS) will assist the multiple linear analysis process. The test results are presented in Table 6.

**Table 6.** Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.346	.256		5.255	.000
Transformational Leadership	.254	.052	.328	4.867	.000
Job Satisfaction	.483	.048	.685	10.157	.000

*Source: SPSS Output, 2023*

Based on table 6, the multiple linear regression equation is obtained as follows:

$$Y = 1,346 + 0,254X_1 + 0,483X_2$$

In the multiple linear regression equation, it can be explained in detail that the constant value of 1.346 indicates that if the independent variable is zero, the resulting employee performance is 1.346. The value of 0.254 in the transformational leadership variable (X1) is positive, so the higher the transformational leadership, the higher the employee performance. The regression coefficient of 0.254 states that every more transformational leadership will increase employee performance by 0.254 units. So, transformational leadership is positively related to employee performance. The value of 0.483 in the satisfaction variable (X2) is positive, so the higher the satisfaction, the higher the employee performance. The regression coefficient of 0.483 states that every additional job satisfaction will increase employee performance by 0.483 units. So, job satisfaction is positively related to employee performance.

The t-test is used to determine the effect of each indicator of the independent variable on the dependent variable. The t-test is done by comparing the t-count with the t-table. The t-table value is determined with a significant level of 5% with degrees of freedom  $df = (n-k-1)$  where  $n$  is the number of respondents and  $k$  is the number of indicators/variables. Based on Table 7, the t count for transformational leadership is 4.867, and the t table value of the  $n-k-1$  results ( $n$  = respondents,  $k$  = independent variables) is 1.668. That way, based on the t value of  $4.867 > 1.668$  and for a probability value of  $0.000 < 0.05$ , it can be concluded that  $H_0$  is rejected, and  $H_a$  is accepted. Thus, transformational leadership has a partially significant effect on employee performance.

Based on Table 7, the t count for job satisfaction is 10.157, and the t table value of the  $n-k-1$  results ( $n$  = respondents,  $k$  = independent variables) is 1.668. That way, based on the t value of  $10.157 > 1.668$  and for a probability value of  $0.000 < 0.05$ , it can be concluded that  $H_0$  is rejected, and  $H_a$  is accepted. Thus, job satisfaction has a partially significant effect on employee performance.

**Table 7. T Test (Partial)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.346	.256		5.255	.000
Transformational Leadership	.254	.052	.328	4.867	.000
Job Satisfaction	.483	.048	.685	10.157	.000

Source: SPSS Output, 2023

**Table 8: F Test Results (ANOVA<sup>a</sup>)**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.571	2	2.286	95.542	.000 <sup>b</sup>
Residual	1.555	65	.024		
Total	6.126	67			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: SPSS Output, 2023

**Table 9: Determination Coefficient Test Results**

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864 <sup>a</sup>	.746	.738	.15467

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Source: SPSS Output, 2023

The F test is used to test whether the independent variables simultaneously significantly affect the dependent variable. Where  $F_{count} > F_{table}$ , the hypothesis is accepted, or the independent variables can explain the dependent variable simultaneously. To determine whether or not the joint influence of the independent variables on the dependent variable is significant, a probability of 5% ( $\alpha = 0.05$ ) is used. With a significant level of 5% and degrees of freedom  $df_1 = 2$  and  $df_2 = 65$ , the f table is obtained ( $2: 65$ ) = 3.14. Based on the ANOVA test or F test from the SPSS output, the obtained f count is  $95.542 > 3.14$  f table value and a probability of  $0.000 < 0.05$ . More precisely, the calculated F



value is compared with the F table where if  $F_{\text{count}} > F_{\text{table}}$ , the independent variables simultaneously have a positive and significant effect on the dependent variable. Furthermore, the coefficient of determination analysis is carried out to detect how far the relationship and the ability of the model to explain the dependent variable. Table 9 shows that R obtained a correlation value of  $R = 0.864$ , which means that the correlation or relationship between transformational leadership and job satisfaction influences employee performance by 86.4%. Then, the value of the coefficient of determination or R Square is  $= 0.746$ , which means that 74.6% of the influence of employee performance is influenced by transformational leadership and job satisfaction.

## **Discussion**

### ***Transformational Leadership on Employee Performance***

Based on the results of hypothesis testing, it is known that transformational leadership has a positive and significant effect on employee performance. The higher the transformational leadership, the more employee performance is produced. Leaders must be able to affect their employees in the workplace positively. Leaders must also provide advice or direction to employees to increase employee performance. The results of this study align with research conducted by (Putra et al., 2019), which examines the effect of transformational leadership on employee performance. Putu Dermawan's research results show that transformational leadership affects employee performance.

Conceptually, transformational leadership is defined as the leader's ability to change the work environment, motivation, policies, and work values perceived by subordinates to optimize performance to achieve company goals (Ihsan, 2019). Achieving good performance requires the right leadership style that can solve subordinate or company problems. A true transformational leader is when he helps increase the needs of subordinates in achieving what is desired and in achieving actualization; the leader assists in achieving a higher level of motivational maturity, and the leader can move his subordinates to support themselves for the company's good.

Based on respondents' responses to the transformational leadership variable, it was found that the average respondent gave responses agreeing and strongly agreeing. This provides an overview of the transformational leadership at PT Mandiri Utama Finance, which has been carried out well. The leadership at PT Mandiri Utama Finance can develop and increase interest in the interests of its employees, can mobilize its employees to have an awareness of the acceptance of the company's goals and mission, and can mobilize its subordinates to see things beyond personal interests for the benefit of the group.

### ***Effect of Job Satisfaction on Employee Performance***

Based on the research results, job satisfaction appears to positively and significantly affect employee performance. The higher the level of employee satisfaction, the better the performance at work. If employees at work are unhappy, unrecognized, and unable to increase their total capacity, they cannot focus entirely on their work. Employees unhappy with their work will never reach psychological maturity and will become dissatisfied. This study's results align with the principle of conformity, which states that the difference between ideal and actual conditions (reality) will be disappointing if there is a significant gap between the expectations and limitations that want to be met with the truth. However, if the conditions he wants and the limits he wants to fulfill are in line with the facts he has, he will be happy.

This research also aligns with the two-factor hypothesis that there are positive emotion generators related to employees, so job satisfaction is job satisfaction, and the second factor contributes to job dissatisfaction. Job satisfaction is the primary motivator for employees. In addition, the findings of this study are in line with research conducted by (Damayanti et al., 2018), which also looked at the issue of the effect of job satisfaction on employee performance. Riski's research results show that job satisfaction affects employee performance. Job satisfaction represents a person's feelings towards their employees (Juniari et al., 2015). Employee job satisfaction can affect his attendance at work, and the urge to move up can also affect his willingness to work.

Based on respondents' responses to the job satisfaction variable, it is known that the average respondent agrees and strongly agrees. This proves that employees at PT Mandiri Utama Finance are

satisfied. The result of respondents' answers is that they are happy with their monthly salary. Their salary is equivalent to the effort made and the same as that obtained by other employees. Therefore, employees are satisfied with the ability to develop themselves at a high level. In addition, employees are often satisfied with the attitude of their superiors who assist their employees. Employees are often satisfied with the work environment.

### ***Effect of Transformational Leadership and Job Satisfaction on Employee Performance***

Based on the study's results, a  $f$  count of  $95.542 > 3.14$   $f$  table value and probability of  $0.000 < 0.05$  was obtained. More precisely, the calculated  $F$  value is compared with the  $F$  table where if  $F$  count  $> F$  table, then simultaneously transformational leadership and job satisfaction affect employee performance. Suppose the company has a transformational leader who can direct subordinates to focus and work without prioritizing personal interests. In that case, the employee will be satisfied because they have a leader who is like they want so that the employee will improve their performance. This study's results align with (Dewi, 2015), which found that transformational leadership style and job satisfaction affect employee performance.

## **Conclusion**

This study found that transformational leadership and job satisfaction positively and significantly impact employee performance at PT Mandiri Utama Finance. The findings indicate that effective transformational leadership, characterized by a leader's ability to inspire and motivate employees toward organizational goals, enhances employee performance. Additionally, job satisfaction significantly influences performance, as satisfied employees are more motivated, focused, and productive. When these factors are combined, they further enhance employee performance, demonstrating the importance of leadership and satisfaction in fostering a productive work environment.

The value of this research lies in its contribution to both scientific understanding and practical applications. From a scientific perspective, this study provides empirical evidence supporting the theory that transformational leadership and job satisfaction are crucial determinants of employee performance. It offers a nuanced view of how these factors interact within a specific organizational context, contributing to the body of knowledge in organizational behavior and leadership studies. Practically, the study offers insights for managers and policymakers in designing leadership development programs and strategies to enhance employee satisfaction, thereby improving performance.

However, this study has several limitations. It was conducted within a single organization, which may limit the generalizability of the findings to other settings or industries. Additionally, the study relied on cross-sectional data, which does not capture changes over time or the long-term effects of transformational leadership and job satisfaction on performance. Future research could address these limitations by conducting longitudinal studies across various sectors better to understand the dynamics of leadership and satisfaction over time. Exploring other variables that might mediate or moderate these relationships could also provide deeper insights and more comprehensive models of employee performance.

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