

The Influence of Transformational Leadership and Work Innovation on Job Satisfaction and Employee Performance

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ABSTRACT

The purpose of this study is to test and explain the role of job satisfaction as a mediating influence of transformational leadership and work innovation on the performance of Konda Sub-District Office employees. This research was conducted by distributing questionnaires to all employees of the Konda sub-district office, which amounted to 48 respondents. The analytical tool used in this research is Structural Equation Model with the help of SmartPLS software. The results showed that; (1) transformational leadership directly has a positive but insignificant effect on employee performance; (2) work innovation directly has a positive but insignificant effect on employee performance; (3) transformational leadership directly has a positive and significant effect on job satisfaction; (4) work innovation directly has a positive and significant effect on job satisfaction; (5) job satisfaction directly has a positive and significant effect on employee performance; (6) transformational leadership indirectly has a positive and significant effect on employee performance mediated by job satisfaction; (7) work innovation indirectly has a positive and significant effect on employee performance mediated by job satisfaction.

Keywords: Transformational Leadership, Work Innovation, Job Satisfaction, Employee Performance

I. INTRODUCTION

Humans have a strategic role as the main element in strengthening the economy, infrastructure, social and institutional. Gibson et al, (2009) argue that the task of human resource management revolves around managing the human element with its potential so that satisfactory and satisfying human resources can be obtained for the organisation. Therefore, human resources must always be empowered and developed in order to have good performance so that organisational goals

can be achieved and developed in the future. Performance according to Koopsman (2014) is based on individual competence whether the individual is qualified and competent in their field, activities that support the organisation, the ability to adjust to the demands of the work environment and have deliberate actions that aim to harm the organisation or members of the organisation. Employee performance is employee productivity and output that describes employee development (Hameed and Waheed, 2011).

Employee performance can be influenced by several factors, including leadership style. One of the leadership focuses most often discussed by previous researchers is the transformational leadership style (Bass, 1985). Transformational leader as an individual who has certain characteristics, which are positioned to motivate followers to move beyond self-interest and commit to organisational goals, thus working beyond expectations. Without effective leadership from a leader, the company can experience setbacks.

The results of research (I Made and IdanBagus, 2020; Leonardo, 2021; Husni et al, 2022; Wier and Machmed, 2020) show that transformational leadership has a significant effect on employee performance. However, the results of research by Muhammad Ilham et al (2022) state that leadership style is not always able to improve employee performance. Therefore, there are still inconsistencies between the findings of previous research results, thus creating a research gap that needs to be studied further.

Another factor that affects employee performance is work innovation. According to Ernanto and Indriyaningrum (2023) innovation has been considered as one of the strategic ways to advance employee efficiency and performance). Work innovation is a fundamental element that determines an organisation's competitive advantage (Wang et al., 2015). Work innovation is the turn of

events, acceptance, and implementation of new thinking for technology, products, and work techniques by employees (Yuan & Woodman, 2010) in the workplace to improve individual performance. Aslan and Atesoglu (2022) state that employee work innovation is an effort to the extent to which front-line employees create new ways and techniques to overcome current and potential problems and turn them into activities when employees interact with customers. The results of research by Park (2015) and Ernanto and Indriyaningrum (2023) found that work innovation has a positive and significant influence on employee performance.

Based on the results of a review of several previous studies, it shows that job satisfaction is indicated to have a role as a mediator variable (YuniSiswanti et al., 2014; Astuti et al, 2022) on the effect of transformational leadership and work innovation on job satisfaction. Therefore, this study adds job satisfaction to the influence of transformational leadership and work innovation on employee performance.

Baruga sub-district is part of the Kendari City government area. Based on field observations, researchers observed that in general the performance of civil servants working at the Baruga sub-district office was relatively good, where the community was quite orderly in queuing for services provided by Baruga sub-district employees. In these observations, researchers also obtained information that the head of the sub-district always monitored and asked about the condition of employees who were providing services, occasionally he gave directions to employees. According to several employees who were willing to interview researchers, they said that employees were given to do their creativity in improving their service performance, including supporting employees in the use of communication technology in providing services. This phenomenon shows that the role of transformational leadership and work innovation is important in improving employee performance, especially through the mediating role of job satisfaction. However, the reality in the field shows that employee performance is not high even though it is quite good..

II. LITERATURE REVIEW AND HYPOTHESIS

2.1. The Effect of Transformational Leadership on Job Satisfaction

Bass' (1985) theory defines a transformational leader as an individual who

possesses certain characteristics, which are positioned to motivate followers to move beyond self-interest and commit to organisational goals, thus working beyond expectations. Transformational leadership is a leadership style that considers the needs and followers they exhibit behaviours designed to stimulate their followers intellectually (Avolio & Bass, 1995) because job satisfaction does not automatically lead to work to achieve its performance results.

According to (Filstad & Karp, 2021) identifying the dynamics of transformational leadership practices is related to the relationship between leaders and employees. Therefore, leaders try to understand how to lead so that job satisfaction can be felt by their subordinates. Bass (1999) states that the task of transformational leadership is to align the interests of the organisation and its members, by inspiring, intellectually stimulating and considering individuals so that it requires higher moral development. The results of research by Rabiyyatul et al (2020), Muhammad Ilham et al (2022), I made and Ida Bagus (2020), Leonardo (2021), Wier and Machmud (2020), M Ilham Fathoni et al (2021), Ardelani et al (2021), Joi et al (2021), Fajar et al (2022) and Esther et al (2019) state that transformational leadership is an important factor in efforts to increase employee job satisfaction because transformational leadership is proven to have a positive and significant effect on employee job satisfaction. Based on this, hypothesis 1 is proposed:

Hypothesis 1: Transformational Leadership Has a Positive and Significant Effect on Job Satisfaction

2.2 The Effect of Work Innovation on Job Satisfaction

According to Aslan and Atesoglu (2021), innovation should affect job satisfaction, as research results show that innovation creates opportunities for individuals to lead more challenging and meaningful lives, this leads to greater well-being and life satisfaction. Similarly, innovation should create more challenging and meaningful work and lead to job satisfaction. The results of research by Aslan and Atesoglu (2021) and Ernanto and Indriyaningrum (2023) show that work innovation behaviour has a positive and significant effect on job satisfaction. Based on this, hypothesis 2 is proposed:

Hypothesis 2: Job Innovation Has a Positive and Significant Effect on Job Satisfaction

2.3 The Effect of Transformational Leadership on Employee Performance

Bass's (1985) theory defines a transformational leader as an individual who has certain characteristics, which are positioned to motivate followers to move beyond self-interest and commit to organisational goals, thus working beyond expectations. Intellectual stimulation is defined as encouraging followers to be creative by questioning assumptions, reframing problems, and approaching challenges in different ways, Bass & Riggio, (2006). The results of research (I Made and Idan Bagus, 2020; Leonardo, 2021; Husni et al, 2022; Wier and Machmed, 2020) show that transformational leadership has a significant influence on employee performance, based on this, hence the proposed hypothesis 3:

Hypothesis 3: Transformational Leadership Has a Positive and Significant Effect on Employee Performance

2.4 The Effect of Work Innovation on Employee Performance

Innovation has been considered as one of the strategic ways to advance employee efficiency and performance (Ernanto and Indriyaningrum, 2023). Organisations in the public sector tend to be less efficient and less innovative than organisations in the private sector. This may be due to the fact that innovation seems to be at odds with the perceived traditional bureaucratic structure of the public sector. The bureaucratic structure in the public sector may require public institutions to adopt fewer new practices. Promoting innovation in the public sector, in terms of public administration is important to develop (Park, 2015). Park (2015) and Ernanto and Indriyaningrum (2023) found that work innovation has a positive and significant influence on employee performance. Based on this, hypothesis 4 is proposed:

Hypothesis 4: Work Innovation Has a Positive and Significant Effect on Employee Performance

2.5 The Effect of Job Satisfaction on Employee Performance

Job satisfaction is something that must be considered in maintaining and improving employee performance in the company, because employee happiness is something they can really feel. Naturally, when employees are very satisfied, they have a strong incentive to continue working and produce better work results. According to the professional view, when a person is encouraged, committed to the organisation, and actively

involved in job creation, performance ultimately improves significantly. High employee ability will also affect job satisfaction, and vice versa (Muhammad Ilham et al., 2022). I Made and Ida Bagus (2020) also explained that someone who is unhappy in their job, it will be more difficult to find inner satisfaction as a result of dissatisfaction, unwanted behaviour that leads to frustration, employees are not able to work well. The results of research by Rabiyyatul et al (2020), I Made and Ida Bagus (2020), Udin and Shaik (2022) and Muhammad Ilham et al., (2022) show that job satisfaction has a positive and significant effect on employee performance. Based on this, hypothesis 5 is proposed:

Hypothesis 5: Job Satisfaction Has a Positive and Significant Effect on Employee Performance

2.6. The Effect of Transformational Leadership on Employee Performance Mediated by Job Satisfaction

Bass (1999) states that the task of transformational leadership is to align the interests of the organisation and its members, by inspiring, intellectually stimulating and considering individuals so that it requires higher moral development. The results of research by Rabiyyatul et al (2020), Muhammad Ilham et al (2022), I made and Ida Bagus (2020), Leonardo (2021), Wier and Machmud (2020), M Ilham Fathoni et al (2021), Ardelani et al (2021), Joi et al (2021), Fajar et al (2022) and Esther et al (2019) state that transformational leadership is an important factor in efforts to increase employee job satisfaction because transformational leadership is proven to have a positive and significant effect on employee performance mediated by employee job satisfaction. Based on this, hypothesis 6 is proposed:

Hypothesis 6: Transformational Leadership Has a Positive and Significant Effect on Employee Performance Mediated by Job Satisfaction

III. RESEARCH METHOD

This research uses descriptive research with a quantitative approach that reveals the influence between variables and is expressed in numbers and explains it by comparing with existing theories and using data analysis techniques that are in accordance with the variables in the study. The population in this study were all civil servants at the Baruga District Office in Kendari City, totalling 48 employees. The size of the population was only

48 employees so the researcher decided to make all members of the study population into research respondents. The analysis technique used in this study uses the concept of Structural Equation Modelling (SEM) with the SmartPLS (Partial Least Square) program.

IV. RESEARCH RESULTS AND DISCUSSION

The data analysis used in this study was using SmartPLS version 3.0. The results of the outer loading of each indicator and the AVE value are as follows:

Table 4.1 Outer Loading Results

Variable	Indicator	Outer Loadings	T-Statistic	P-value
Transformasional Leadership	Ideal Influence	0,917	5.063	0
	Motivation Inspiration	0,942	5.429	0
	Intellectual Stimulation	0,938	5.509	0
	Individual Consideration	0,894	4.029	0
Work Innovation	Idea Exploration	0.873	10.456	0
	Idea Generation	0.871	7.286	0
	Idea championed	0.853	4.965	0
	Idea Implementation	0.918	23.815	0
Job Satisfaction	The work itself	0.891	9.165	0
	Salary	0.893	14.892	0
	Promotion	0.867	5.565	0
	Colleagues	0.913	6.233	0
	Supervision	0.900	9.042	0
Employee Performance	Quality	0.916	9.556	0
	Quantity	0.915	7.89	0
	Time	0.900	8.038	0
	Service Orientation	0.908	8.672	0
	Commitment	0.947	14.647	0
	Work Initiative	0.866	6.674	0
	Co-operation	0.928	17.281	0
	Leadership	0.859	8.174	0

Based on Table 4.1, it appears that all indicators that reflect each variable have outer loadings values greater than 0.5 and are statistically significant because the P-value is less than 0.05. Based on Table 4.1. shows that the outer loadings value shows that the most dominant indicator in reflecting transformational leadership is the inspiration motivation indicator, the dominant

indicator reflecting work innovation is the implementation of ideas, the dominant indicator reflecting job satisfaction is colleagues, the dominant indicator reflecting employee performance is commitment.

The results of the calculation of the AVE value are presented in Table 4.2 below:

Table 4.2 AVE Value

Variables	AVE
Transformational Leadership (X1)	0.851
Work Innovation (X2)	0.773
Job Satisfaction (Y1)	0.798
Employee Performance (Y2)	0.818

Table 4.2 shows that the Average Variance Extracted (AVE) value is above 0.5 so that the requirements for convergent validity testing have been met.

The results of composite reliability between constructs and their indicators can be seen in Table 4.3 as follows:

Table 4.3 Composite Reliability

Variables	Composite Reliability
Transformational Leadership (X1)	0,958
Work Innovation (X2)	0,932
Job Satisfaction (Y1)	0,952
Employee Performance (Y2)	0,976

The composite reliability value as seen in table 4.3 above shows that each construct has good reliability, which is above 0.7.

The Goodness of fit Model results have been summarised in Table 4.4 below:

Table 4.4. R Square

Variables	R-Square
Transformational Leadership (X1)	
Work Innovation (X2)	
Job Satisfaction (Y1)	0,878
Employee Performance (Y2)	0,865

$$Q^2 = 1 - (1 - R_1^2) * (1 - R_2^2)$$

The Q-square calculation using the existing R-square data in the two models above can be done as follows:

$$Q^2 = 1 - (1 - 0,878) * (1 - 0,865)$$

$$Q^2 = 0,984$$

A. Direct Effect Hypothesis Testing

Based on the results of the bootstrapping process, the direct effect coefficient value in this research model can be presented in table 5.16 below:

Table 4.5. Summary of Direct Effect Path Analysis Results

Research Variables			Original Sample	P-Value	Description
Transformational Leadership (X1)	→	Job Satisfaction (Y1)	0,296	0,038	Accepted
Work Innovation (X2)	→	Job Satisfaction (Y1)	0,675	0,000	Accepted
Transformational Leadership (X1)	→	Employee Performance (Y2)	0,123	0,446	Rejected
Work Innovation (X2)	→	Employee Performance (Y2)	0,208	0,316	Rejected
Job Satisfaction (Y1)	→	Employee Performance (Y2)	0,625	0,002	Accepted

Based on the results of data processing in table 4.5 above, it can be seen in testing each direct effect hypothesis that has been proposed:

1. The Effect of Transformational Leadership on Job Satisfaction

The first hypothesis proposed in this study is "Transformational leadership has a positive and significant effect on job satisfaction", showing the value of the estimated path coefficient (original

sample) of the effect of transformational leadership on job satisfaction of 0.296 and is positive. The P-value of 0.038 is smaller than the value of $\alpha = 0.05$. This value indicates that transformational leadership has a positive and significant effect on job satisfaction. Thus the first hypothesis proposed in this study is accepted. This result can be interpreted that the better the transformational leadership will be followed by the higher the job satisfaction.

2. The Effect of Work Innovation on Job Satisfaction

The second hypothesis proposed in this study "work innovation has a positive and significant effect on job satisfaction", shows the estimated path coefficient value (original sample) of the effect of work innovation on job satisfaction of 0.675 is positive. The P-value of 0.000 is smaller than $\alpha = 0.05$. This value indicates that work innovation has a positive and significant effect on job satisfaction. Thus the second hypothesis is accepted, which means that the higher the work innovation will be followed by the higher the job.

3. Effect of Transformational Leadership on Employee Performance

The third hypothesis proposed in this study "Transformational leadership has a positive and significant effect on employee performance", shows the value of the estimated path coefficient (original sample) of the effect of transformational leadership on employee performance of 0.123 is positive. The P-value of 0.446 is greater than $\alpha = 0.05$. This value indicates that transformational leadership has a positive and significant effect on employee performance. Thus, the third hypothesis is rejected, which means that although transformational leadership is getting better, it is not followed by higher employee performance.

4. The Effect of Work Innovation on Employee Performance

The fourth hypothesis proposed in this study "work innovation has a positive and significant effect on employee performance", shows that the estimated path coefficient value (original sample) of the effect of work innovation

on employee performance of 0.208 is positive. The P-value of 0.316 is greater than $\alpha = 0.05$. This value indicates that work innovation has a positive but insignificant effect on employee performance. Thus the fourth hypothesis is rejected, which means that the higher the work innovation, the higher the employee performance.

5. Effect of Job Satisfaction on Employee Performance

The fifth hypothesis proposed in this study "Job satisfaction has a positive and significant effect on employee performance", shows the value of the estimated path coefficient (original sample) of the effect of job satisfaction on employee performance of 0.625 which is positive. The P-value of 0.002 is smaller than $\alpha = 0.05$. This value indicates that job satisfaction has a positive and significant effect on employee performance. Thus the fifth hypothesis is accepted, which means that higher job satisfaction will be followed by higher employee performance.

B. Hypothesis Testing of Indirect Influence (Mediation)

Based on the opinion of Hair et al (2016: 235), to test the indirect effect (mediating effect) between the variables in this study can be done by looking at the value in the Specific Indirect Effect table and the p-value in the Total Indirect Effect table. Where according to Hair et al (2016: 241) if the p-value on the indirect effect is smaller than 0.05, it can be said that the intervening variable in the study has a significant effect in mediating between variables. The results of the mediation role path analysis can be presented in the following table:

Table 4.6 Results of Analysis of Indirect Influence (Mediation)

Endogenous Variable	Intervening Variable	Endogenous Variable	Original sample	P-value	Description
Transformational Leadership	Job Satisfaction	Employee Performance	0,185	0,047	Accepted
Work Innovation	Job Satisfaction	Employee Performance	0,422	0,010	Accepted

Based on table 4.6 above, the indirect effect hypothesis testing is explained as follows:

6. The Effect of Transformational Leadership on Employee Performance Through Job Satisfaction

Based on table 4.6 shows that the sixth hypothesis, namely the indirect effect of

transformational leadership on employee performance through job satisfaction, has a path coefficient value (original sample) of 0.185 with a p-value of 0.047 smaller than $\alpha = 0.05$. Thus, the sixth hypothesis is accepted, which means that increasing transformational leadership has an impact on improving employee performance through increasing job satisfaction.

To further confirm that whether job satisfaction acts as a mediator in the effect of transformational leadership on employee performance, testing is carried out using the Sobel test. Based on the results of data processing, it shows that the value of the estimated path coefficient (original sample) of the direct effect of transformational leadership on employee performance is not significant, while the direct effect of transformational leadership on job satisfaction is significant and the effect of job satisfaction on employee performance is significant, this indicates that job satisfaction is a mediator with the type of mediation is full mediation.

7. The Effect of Work Innovation on Employee Performance Through Job Satisfaction

Based on table 4.6 shows that the seventh hypothesis, namely the indirect effect of work innovation on employee performance through job satisfaction, has a path coefficient value (original sample) of 0.422 with a p-value of 0.010 smaller than $\alpha = 0.05$. Thus the seventh hypothesis is accepted, which means that increasing work innovation has an impact on improving employee performance through increasing job satisfaction.

To further confirm that whether job satisfaction acts as a mediator in the effect of work innovation on employee performance, testing is carried out using the Sobel test. Based on the results of data processing, it shows that the value of the estimated path coefficient (original sample) of the direct effect of work innovation on employee performance is not significant, while the direct effect of work innovation on job satisfaction is significant and the effect of job satisfaction on employee performance is significant, this indicates that job satisfaction is a mediator with the type of mediation is full mediation.