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DOES LEADERSHIP MATTER? STUDY OF LEADERSHIP STYLE, JOB PERFORMANCE AND JOB SATISFACTION

ABSTRACT: Leadership style plays an important role in organization because a good leader can influence their followers to achieve the organization goals. However, each leader has their own characteristic and style in coordinate their subordinates. This study aims to explore how leadership styles affect job satisfaction and job performance. On-line questionnaire was adopted for data collection. There are 200 participants who work for the top-20 companies in Indonesia. The results indicated that the leadership style is significantly and positively correlated to job satisfaction and job performance. Furthermore, this study found that job satisfaction has a mediating effect on the relationship between leadership style and job performance.

Key words: leadership style, job satisfaction, job performance, transactional leadership, transformational leadership, laissez-faire leadership

INTRODUCTION

Rapid technological development and supported by globalization lead to increasingly fierce competition in any industry in the world. It requires

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any company to be more responsive to survive. Company must be able to improve any aspect in their organization especially the quality of human resources. The success of organization does not depend on how great they can manage their finance, marketing and product but it depends more on how they manage their human resources. Pfeffer (1998) said that human capital is a critical resource in most firms. Myloni, Harzing and Mirza (2004) found that human resource can be a part of overall strategy of an organization. There are other researchers such as Barney (1991) and Lado and Wilson (1994), both mentioned that managing technology or capital is easier than managing people (human resource). It is more difficult to manage human resources because it involves various elements within the company such as employees, leaders (managers) and the systems of the company itself.

Good cooperation between those three elements will cause conducive working environment so either employees or leaders, they can do their task maximally. Company expects with conducive working environment, it can create job satisfaction because it can bring a considerable influence on organization's productivity through employee performance. While dissatisfaction is the starting point of any problem such as conflict between employees and managers and less motivation for working on employees.

Increasing in job satisfaction cannot be separated from the role of the leader in the organization. A leader plays an important role in the success of a company because leader is someone who will plan, organize, mobilize and control all resources so that goal of the company can be achieved effectively and efficiently. Therefore, a leader in the organization requires to be able to create a condition that would satisfy employees in the work and to obtain employees who are not only able to work but also willing to work towards the achievement of organization goals.

Because of leadership holds important role in organization, it attracts the attention of researcher in the organizational behavior field. Bass (1990) said that the quality of a leader often regarded as the most important factor that determines the success of failure of an organization. Some other researcher such as Schein (1992), Nahavandi and Malekzadeh (1993) and Kouzes and Posner (1987) also stated that a leader has major influence on the success of organization. There are other researchers such as Porter (1996), Berg and Baron (2000) also stated that leadership is a key element in an organization's effectiveness.

Leadership style is a way that used by a leader to influence the behaviors of workers or followers. A good leadership style is a style that can motivate their followers. Each of leadership style has their own strengths and weaknesses which can affect organizational effectiveness and performance (Nahavandi, 2002). A leader will use their style to lead according to their ability and personality (Marzuki, 2002). An effective leadership style is

needed in a company to be able to improve the performance of all employees in achieving the goals that have been set by company.

In an organization, a leader needs to motivate or influence their followers in their own style so that the employees can work productively, effectively and efficiently to achieve organization's goals. But dealing with workers is not an easy task to do because they are human who has their own thoughts, feelings and minds. So, leadership style can motivate the workers or discourage them which will affect to their job performance. Eskildsen and Nusler (2000) mentioned that employee satisfaction comes from their perception towards their job and their organization. It means that employee perception about leadership behavior is an important predictor of employee job satisfaction. While Schyns and Sanders (2007) mentioned that inadequate salary, conflict between managers and workers and absence of promotion prospects are sources of employee job dissatisfaction.

Central Intelligence Agency (2016) described Indonesia is a country in South East Asia that located between Indian Ocean and Pacific Ocean with total area approximately 1.904.569 sq km. Indonesia has more than 255 millions people in 2015 and known as the 4th largest population after China, India and United States. Indonesia is the largest economy in South East Asia and also known as one of the members from ASEAN. Indonesia economy growth is increase year by year. It could be seen from Indonesia's GDP that increase year by year. In 2013, Indonesia GDP is approximately 2.582 trillion rupiah and in 2015, Indonesia GDP becomes 2.839 trillion rupiah.

Sutianto (2014) mentioned that Fortune Indonesia gave award to the most admires company in Indonesia. Due to the award, Fortune Indonesia cooperates with Hay Group in doing research of Indonesia Company. They found that the top 20 most admires company in Indonesia respectively are: Astra Internasional, Unilever Indonesia, Central Asia Bank, Telekomunikasi Indonesia, Mandiri Bank, Rakyat Indonesia Bank, Indofood Sukses Makmur, United Tractors, Kalbe Farma, Semen Indonesia, Astra Agro Lestari, Garuda Indonesia, Indofood CBP Sukses Makmur, Gudang Garam, Indocement Tunggal Perkara, Negara Indonesia Bank, XL Axiata, Holcim Indonesia, Krakatau Steel and Indosat. While Karunia (2016) mentioned top 15 companies with the biggest income in Indonesia. Those companies respectively are: BRI Bank, Mandiri Bank, Astra Internasional, Telkomsel, Pertamina, BCA Bank, Telkom Indonesia, Negara Indonesia Bank, Sampoerna, Perusahaan Gas Negara, Unilever, Gudang Garam, Semen Indonesia, Indocement, and Indofood. Therefore, through this research, researcher aims to know how leadership style affect job satisfaction and job performance and what type of leadership style that can increase employee job performance through job satisfaction in Indonesia. This research only

focuses on exploring how leadership style (transformational leadership, transactional leadership, and laissez-faire leadership) stimulate job performance and job satisfaction. The purpose of this research is to find out the relationship between these three variables (leadership, job satisfaction and job performance).

LEADERSHIP STYLE AND ITS IMPACT ON JOB PERFORMANCE AND JOB SATISFACTION

Leadership Style

Leadership style is any way that used by a leader to influence the behaviors of workers or followers. Mullins (2010) described leadership style as the way managers or a leader usually behaves towards their workers in the group. Dubrin (2001) stated that leadership style is a consistent pattern of behavior that characterizes a leader. A good leadership style is a style that can motivate their followers. Each of leadership style has their own strengths and weaknesses which can affect organizational effectiveness and performance (Nahavandi, 2002). A leader will use their style to lead according to their ability and personality (Marzuki, 2002). An effective leadership style is needed in a company to be able to improve the performance of all employees in achieving the goals that have been set by company.

Several researchers such as Bass (1997), Goh Yuan Sheng (2005), and Voon (2011) categorize leadership as transformational leadership and transactional leadership. Linton (2007) and Mullins (1998) categorize leadership as transformational leadership, transactional and Laissez-Faire leadership. Lewin (1939) categorize leadership style into three which are authoritarian leadership, participative leadership and laissez-faire. Goleman (1998) defined leadership style as visionary, coaching, affiliative, democratic, pacesetter and commanding.

Transactional Leadership

Transactional leadership is focus on exchange or trade between leader and employee. A leader will encourage their employee to work as the standard that has been decided with given reward as motivation, productivity to gain specific goals effectively. According to Burns (1979), transactional leadership emphasizes work standards, assignments and task oriented goals. Burns stated that transactional leadership focus on reward and punishment to influence employee performance in task completion. Trottier, Wart and

Wang (2008) also mentioned transactional leadership as a style that focus about “trades” between a leader and their employees or subordinates. A leader will compensate their subordinates if they achieve specific goals. According to Avolio, Waldman and Yammarino (1991), transactional leadership is a style where a leader will communicate with their followers and explain the task and how it should be done and also tell their followers that there’ll be a reward for a well-done job.

Bass and Avolio (1995) defined there are three dimensions of transactional leadership, as respectively, contingent reward, management by exception (active) and management by exception (passive). Antonakis, Avolio and Sivasurbramaniam (2003) described three dimensions of transactional leadership as follow: Contingent reward refers to leaders admit and give reward to their followers for good performance. Management by exception (Active) refers to leaders always monitor their subordinates and correct if necessary, so they can perform effectively and according to the standards. Management by exception (Passive) refers to leaders give punishment to their followers because of problem arise or they don’t meet the standard performance.

Transformational Leadership

Transformational leadership is a style of leadership where a leader transforms their subordinates so they change the value and what subordinates belief. Bass and Avolio (1990) mentioned that transformational leaders will provide vision and mission and further gain respect trust through charisma. According to Ismail (2009), transformational leadership focuses on development and growth of value system of the subordinates, their inspirational level and moralities. Gill, Fitzgerald, and Bhutani (2010) defined transformational leadership as a process of influencing major changes in attitudes and assumptions of organization members and building commitment for organization’s mission or objectives. Bass et.al (1990) explained that transformational leaders will encourage their subordinates to view problem from new point of view, provide support and encouragement communicates vision, stimulates emotions and identification.

Bass, Avolio and Jung (1997) mentioned that there are four dimensions for transformational leadership which are idealized influence, inspirational motivation, intellectual stimulation, individualized consideration. Idealized influence means that a transformational leader needs to be charismatic to influence their subordinates to follow the leader. Bass and Riggio (2006) said that transformational leader should act as a role model that is highly admired, trust and respect by their subordinates. Inspirational motivation means that transformational leader can put a high standard but also can encourage their

subordinates to meet that standard. Several researchers such as Antonakis et al. (2003); Bass and Riggio (2006) stated that Transformational leader should become inspiration and motivation for their followers. This kind of character can raise subordinate's optimism and enthusiasm. Intellectual stimulation means that transformational leaders always encourage subordinates to find new methods that more effective to solve the problem. According to Bass and Riggio (2006); Nicholason (2007), transformational leader need to have ability to stimulate their subordinates to be more innovation and creativity. Individualized consideration means that leaders realize that each of followers is different, so they will pay attention more specific to each individual. According to Bass and Riggio (2006); and Nicholason (2007), transformational leaders will act as subordinate's coach or mentor and pay special attention to each follower's need for their growth and achievement.

Laissez-Faire Leadership

Laissez-Faire leadership style is a style that leaders give more freedom to their subordinates for decision making. Mondy and Premeaux (1995) defined laissez-faire leadership as a style where a leader let all decision made by their group members. Several researcheres such as Robbins (2007); Luthans (2005); Osbom (2008) stated that laissez-faire leader tend to release their responsibilities and avoid to make decision. This type of leaders, they tend toward free. Subordinates can do their work the way they like it but also responsible for it. However, as the EC noted: "internal market policy can be pursued while at the same time integrating pursuit of other objectives, including social policy objectives". Social policy has played a central role in building Europe's economic strength through the development of a unique social model. While the current EU framework governing public procurement does not specifically recognize the pursuit of social policy goals within the framework of public procurement procedures, the EC took a stand as early as in 1998 that the current framework nevertheless offers a range of possibilities which, if properly pursued, should make it possible to accomplish desired social objectives....

Job Satisfaction and Its Antecedents

Job Satisfaction is about employees feeling toward their job whether they like it or not. Specter (1997) explained that job satisfaction is the way people feel about their jobs. He also mentioned that employee satisfaction is an important concern in every organization because it focuses on humanitarian which is mean that people need to be treated fairly and

respected and utilitarian which is mean that employee satisfaction leads to employee behavior that affect organization performance. Fogarty (1994) also described job satisfaction as individual attitude towards his or her job whether they gain enjoyment or not from their workplace. He explained that the higher level of job satisfaction means the more satisfied the employee, which will lead to positive attitude to their jobs. Statt (2004) defined job satisfaction as reward that got by employee in terms of intrinsic motivation to achieve specific goals.

Armstrong (2006) also described job satisfaction as employees' attitude and feeling about their work, either favorable attitude to their jobs which mean as job satisfaction or unfavorable attitude to their job which mean as job dissatisfaction. George and Jones (2008) stated that job satisfaction is collection of feeling and beliefs that employee have towards their jobs. Employees' levels of degrees of job satisfaction can be from extreme satisfaction to dissatisfaction. Robbins (2003) found that the more satisfied employees, the more effective the organizations compare with dissatisfaction employees. Breed and Breda (1997) mentioned that job satisfaction can affect absenteeism, complaints and labor unrest. Therefore, the more satisfied the more productive they are and vice versa. The more important thing is employee satisfaction lead to customer satisfaction because they will provide better service for customers; customer satisfaction then is increased. Dawson (2005) explained that employee satisfaction has positive relationship with employee attitude. Saari and Judge (2004) said that productive employees are them who are happy.

Study found that there are many antecedents affecting job satisfaction. Hackman, Oldham (1980) stated that job satisfaction can be influenced by supervision at work, work itself, pay, co-workers, promotions and appraisal. Other researcher such as Lane, Esser, Holet and McCusker (2010); Vidal, Vare and Aragon (2007); and Xie and Johns (2000) also mentioned that salary, working environment, autonomy, communication and organizational commitment are factors that influence job satisfaction. Specter (1997) stated that there are nine dimensions of job satisfaction such as pay, promotion, supervision, fringe benefit, contingent rewards, operating procedures, co-workers, nature of work itself and communication.

Pay

Pay means how much money the company gives for employee for the job that has done. Heery and Noon (2001) mentioned that pay is payment for work, number of different forms such as salary, wage, and supplementary cash payments. Cobb (2004) stated that pay satisfaction is about how employee thinks about the amount of money that they received. Pay

satisfaction is the difference between employee expectation and the reality. Different employee can have different expectation. Several researchers have mentioned that pay or amount of money that employee received has a positive relationship with job satisfaction. Kalleberg (1977) and Voydanoff (1980) stated that monetary compensation is one of the main variables for job satisfaction. Kathawala, Kevin and Dean (1990) stated that he found that salary is the main key for job satisfaction. Gurusamy and Mahendran (2013) found in their study that salary has the highest rank compared to factors in determine job satisfaction.

Promotion

Robbins (2003) said that promotions lead to employee personal growth and also increase their responsibilities and social status. Cobb (2004) defined promotion satisfaction as employee satisfied with the fairness of company either in administration or policy, so company treat their employee in the same way on reassigning employee to have higher level job. Spector (1997) said that employee will feel more satisfy if they perceive fairness in term of promotion in higher job level. Other researchers also agree that promotion has positive relationship with job satisfaction. Nguyen, Taylor and Bradley (2003) found that job satisfaction is the result of promotion opportunities in organization. Teseema and Soeters (2006) also mentioned in their study that there is positive relationship between job satisfaction and promotion satisfaction. While Sajuyigbe, Olaoye, Adeyami (2013) said that if employee believes that they have good prospects in the future, they tend to be more satisfy. Park, Mitshuhasi, Fey and Bjorkman (2003) stated that satisfy employee because fair promotional opportunities will lead to performance of employee in organization.

Supervision

Supervision means that managers or leaders support and care about their workers. Robbins (1993) mentioned that employee will feel more appreciated, heard and cared if their manager or leader supports them, friendly, understanding and it increases their satisfaction. Spector (1997) stated that supervisor's behavior can determine employee job satisfaction. Other researchers also agree with positive relationship between job satisfaction and supervision. Friedlander and Margulies (1969) found that management and friendly staff relationship affect employee satisfaction. Brunetto and Far-Wharton found that supervision increase the level of job satisfaction and performance. Sajuyigbe et.al (2013) also found that if supervisors recognize the employee achievement, they tend to be more

satisfied. Okpara (2004) mentioned that supervisions play significant roles in job satisfaction and performance.

Fringe Benefit

According to Dessler (2013), fringe benefit means compensation that employee receive beside regular salary such as, transportation fee, insurance, company cars, retirement plans, holidays, etc. Spector (1997) mentioned that there are two types of fringe benefits, first one is fringe benefits into monetary and second one is non-monetary. Behera, Sahoo and Sundaray (2011) found that fringe benefits can affect employee satisfaction. Another survey by HR Focus (2007) found that fringe benefits are the first ranked in terms of affecting job satisfaction. Therefore, through this survey, researcher believes that fringe benefit also as important as other dimensions.

Contingent Reward

Contingent reward is incentives for employee because of good work or performance. Spector (1997) described that contingent reward is appreciation, recognition and rewards because of good work. Robbins (1993) explained that if employee efforts are not recognized or their rewards are not equitable enough, it can lead to dissatisfaction.

Operating Procedures

Spector (1985) defined operating procedures as operating policies and procedures. Spector (2008) mentioned that perceptions about fairness are so important because it can determine employee behavior and reactions about their work. Spector also mentioned that organizational environment and aspects of job related to job satisfactiob which can cause high level of job satisfaction or dissatisfaction. Other researcher, Martins and Coetzee (2007) mentioned that if employee's needs and objectives integrate with organization needs and objectives, it can affect employee motivation and organizational culture.

Co-worker Satisfaction / Working conditions

Co-workers or working conditions refers to how's employee relationship with their colleagues in the company. Cobb (2004) defined co-workers satisfaction as satisfaction level for relationship of the employee with their colleagues in term of work related interaction. George and Jones (1999) found that poor working conditions can lead to dissatisfaction. If co-

workers refers to relationship between colleagues, while working conditions refers to office space, equipments, comfortable chairs, clean, attractive surroundings, and other things. Robbins (2011) stated that working conditions could affect job satisfaction. According to Ramlall (2003), good working conditions make employee feel that they are valued and heard, so they tend to be more satisfied. Several researchers such as Reiner and Zhao (1999); Carlan (2007); Ellickson and Logsdon (2001), also found that working conditions is one factor that can influence job satisfaction.

Communication

According to Spector (1997), nature of work means whether the employee satisfy or not with their job. Moreover, he also mentioned about satisfaction of employees in terms of communication refers to employee feeling whether they are satisfied or not with the communication within organizations. Robbins (1993) said that usually employees like work that is more challenging, can use their skills and abilities more, and offer a variety tasks with freedom and feedback about how well they do it. He also mentioned that employees will feels more satisfied about their work if lack of distortions, ambiguities and incongruities that occur in communication.

Leadership and Job Satisfaction

Kennerly (1989) said that main factor that determine the effectiveness of organization are leadership and job satisfaction. Leadership is one of the most important factors that can affect job satisfaction. A good leader leads to high satisfaction level. Seashore and Taber (1975) stated that employee satisfaction could be influence by organizational climate, leadership and personnel relationship. Several researchers stated that there is a significant relationship between leadership and job satisfaction (Chen & Spector, 1991; Brockner, 1988; DeCremer, 2003). They mentioned that job satisfaction can be influenced by the quality of the leader and employee relationship. Broke (2006) said that low job satisfaction lead to decrease employee performance, absenteeism, high employee turnover, and early retirements. While Yukl (1971) said that employee tend to satisfy with leader who cares and support them. Thus, based on this the following hypothesis:

H1: There is a positive relationship between leadership and job satisfaction.

H1a: There is a positive relationship between Transactional leadership and job satisfaction

H1b: There is a positive relationship between Transformational leadership and job satisfaction

H1c: There is a positive relationship between Laissez-faire leadership and job satisfaction

Job Performance

Job performance is about the outcome or the result that employee has. Jex (2002) stated that job performance is about how well someone performs at their jobs. Bernardin and Russel (2002) also mentioned that job performance is the record of outcomes produced by a specific job during time period. Gibson, Ivancevich and Donnely (2003) defined job performance as results of jobs that related to organization goals, efficiency, effectively. According to Payaman (2005), job performance is the level of achievement of the implementation of certain task. Ilyas (2001) also described job performance as the performance of the work either quantity or quality within an organization and the performance could be individual or groups. Rotundo and Sackett (2002) described job performance as actions and behaviors of employee that contribute to organizational goals.

Several researcheres such as Borman and Motowidlo (1997); Motowidlo and Schmit (1999) differentiate performance as task performance and adaptive performance. Researcher described task performance as an employee contribution to organizational performance based on their job as part of formal reward system and task performance usually has clear and specific job description. Campbell (1990) mentioned about 8 job performance factors and five of them refer to task performance. Those 5 job performance are job-specific task proficiency, non-job specific task proficiency, written and oral communication proficiency, supervision, and management / administration. Contextual performance described as employee's behavior that indirectly contributes to organizational performance. Borman and Motowidlo (1993) defined 5 categories of contextual performance such as volunteering for activities, enthusiasm, assistance to others, following rules and openly defending organization objectives.

Relationship between Leadership and Job Performance and Job Satisfaction

There are several findings between leadership and job performance. Some researchers such as Pritchard and Karasick (1973); Sheridan and Vredenburg (1978); Hampton, Dubinsky, Skinner (1986) found that relationship between leadership and job performance is negative. Some other researchers such as Yousef (2000); O'Reilly and Roberts (1978); Lowen and Graen (1972); Downey, Duffy, Shiflett (1975); and Weed (1976) found that

there is no link between these two variables, leadership and job performance. While some other studies from several researchers such as Dawson (1972); Swanson and Johnson (1975); Euske and Jackson (1980); Yousef (2000) also found that this two variables, leadership and job performance has positive relationship.

Leadership plays an important role in organization succeeds because they need to influence their follower's behavior and performance so that leader's subordinates can work according to organization vision. Effective leader will influence their employees so they will work based on leader's control. Therefore, leadership is very important for organization survival and effectiveness. Rollinson (2001) mentioned that because of leaders' task is coordinating their subordinates to done something, so that it can be assumed that leadership style will translate into employee's performance. Some researchers such as Fiedler and House (1988); Maritz (1995); and Ristow (1999) also stated that quality of leadership can influence effectiveness of individual which results in their performance. According to Cummings and Schwab (1973), leadership is one variable that can affect on employee performance. Thus, based on this the following hypothesis:

H2: There is a positive relationship between leadership and job performance.

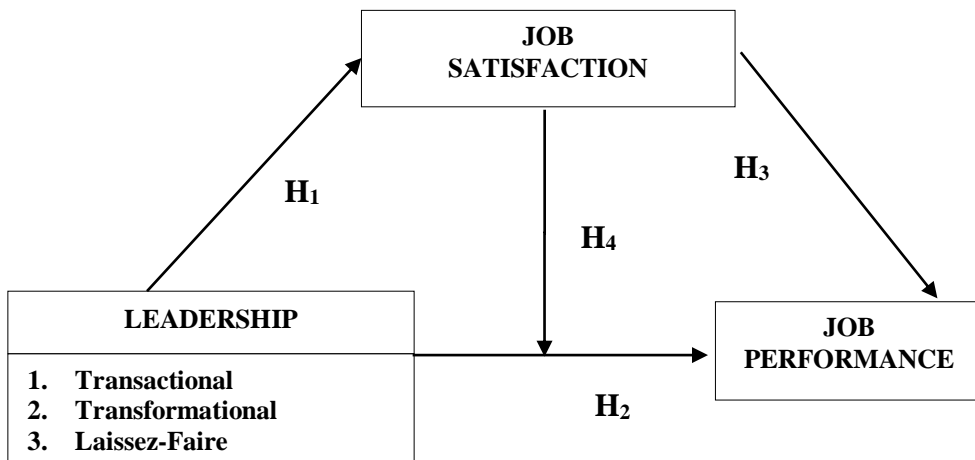
According to Puspahkumari (2008), this researcher found that job satisfaction has a positive and significant relationship towards job performance. According to Hussin (2011), this researcher found that there is positive correlation between job satisfactions dimensions towards job performance except for pay. Job satisfaction is about employee's feeling toward their job. While job performance is the outcome of employee's job. High level of job satisfaction can lead to high level of job performance. Employees with high level satisfaction tend to work more productively which is increase their job performance. Thus, based on this the following hypothesis:

H3: There is a positive relationship between job satisfaction and job performance.

As mentioned above, several researchers found that leadership has positive relationship towards job performance and job satisfaction has significant relationship towards job performance. Yukl (1971), leader who care and support their subordinates can increase subordinates satisfaction. With higher level satisfaction, it will lead to better performance. According to Broke (2006), low job satisfaction lead to decrease employee performance, absenteeism, high employee turnover, and early retirements. Reach model and four hypotheses is shown in figure 1.

H4: Job satisfaction has a mediating effect on the relationship between leadership and job performance.

Figure 1. - Research Framework



RESEARCH METHODOLOGY

This research is an empirical research. Quantitative approach will be used in this research which is mean that this study use number in the data processing. Source of data that used by this research is primary data because researcher will distribute questionnaire to employee to get the data. After distributing the questionnaire, researcher will do screening process or pilot test. This research scale is Likert interval scale which has same range and homogenous with different value in each number. Five-Likert scale which is strongly agree, agree, neutral, disagree and strongly disagree will be applied to the questionnaire.

Researcher used questionnaire to find information about leadership style, job satisfaction and job performance. Stone (1978) said that questionnaire is the most common method to use for data collection in doing research. Sudman and Bradburn (1974) stated that questionnaire is the only way to let subjects reveal sensitive information. The instrument used by researcher was questionnaire which consists of 34 items in the questionnaire. These items will represent the variables in the study which were leadership, job satisfaction and job performance. The questionnaire consists of 3 sections. The first sections were leadership style, 2nd sections was job satisfaction and job performance and the last section was demographic data of respondent that designed by researcher.

All the items in the questionnaire were adopted from previously developed scale from earlier research. All these items use 5-point Likert-scales except for demographic data. All the scales adopted in this study originally were in English. Since, the respondents were Indonesian,

researcher will do direct translation for the questionnaire into Indonesian language. Most of the statement from the questionnaire was the same with the original developed scales that measuring leadership, job satisfaction and job performance, just a little bit statements were modified to have a better understanding.

Multifactor leadership questionnaire will be used by researcher to measure leadership style in this study which is adapted from Bass and Avolio (1990). There will be 23 items that used to measure leadership. There are three types of leadership that will be tested which are transactional leadership, transformational leadership and laissez-faire leadership. There are 8 items for transactional leadership, 12 items for transformational leadership, and 3 items for laissez-faire leadership. Job Satisfaction Survey (JSS) will be used by researcher to measure job satisfaction in this study which is adapted from Tsai, Chen and Farh (1997). There will be 6 items that used to measure job satisfaction with work itself, supervision, co-workers, pay, promotion and pay (Tsai et al., 1992). Job Performance Survey will be used by researcher to measure job performance in this study which is adapted from Wiedower (2001). There will be 5 constructs that used to measure job performance, such as timeliness, quality of work, quantity of work, need for supervision, and interpersonal impact. Cronbach's alpha for each variable for leadership, job satisfaction and job performance respectively are 0.813, 0.763 and 0.773. It means that all variables are reliable.

After the survey questionnaire was designed, researcher will do pre-test to make sure that the questionnaire is understandable. There will be two parts that will be done by researcher in the pre-test. First is researcher will distribute 30 questionnaires to any worker and the second is researcher will ask help from 2 or 3 professional expertise such as professor who has major in business or manager in a company. After pre-test is done, researcher will distribute the questionnaire to employee who works in the top 20 company in Indonesia. There was some way that used by researcher to distribute the questionnaire. First, researcher will cooperate with human resource department in the company to distribute the questionnaire. Second, researcher will distribute to some friend who works in that company and ask friends to distribute to their colleague. Researcher will analyze the data when 200 questionnaires collected. The sampling technique used in this research is non-probability sampling because the population is unidentified. Sampling method used in this research is the convenience sampling which means that a sample collection technique which focus to help researcher to find or reach the respondent.

Researcher uses a questionnaire which is considered as a closed type questionnaire which means that the answer of the respondents has been provided by giving several alternatives. Questionnaires were distributed

through google drive and google docs facilities which the link will be inform to employees through email or another social network. Respondent who can fill the questionnaire are they who are working in top 20 companies that will represent Indonesia employee.

RESULTS

Table 1 presents the demographic information for the 200 respondents in the survey. In this research, majority is female (57.5%). The results of Pearson correlation for leadership, job satisfaction and job performance show that all variables are correlated to another variable (see Table 2). Independent sample t-test was applied to investigate if there is a significant difference in leadership, job satisfaction and job performance between Male and Female. The results show that male and female has significantly difference to transactional leadership ($t = 2.415$, $p < 0.05$), transformational leadership ($t = 2.837$, $p < 0.001$), job satisfaction ($t = 2.898$, $p < 0.001$) and general leadership ($t = 2.987$, $p < 0.001$). In addition, the results also show that male and female show no significant difference to laissez-faire leadership and job performance.

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Table 1. - Summary of demographic information

Information	Attributes	Number (n=200)	Percentage (%)
Gender	Male	85	42.5
	Female	115	57.5
Age Group	Under 18 years old	0	0
	19 – 25 years old	106	53.0
	26 – 35 years old	77	38.5
	36 - 45 years old	17	8.5
	46 – 55 years old	0	0
	Over 55 years old	0	0
	How long have they been work in that company	Less than 1 year	41
1 – 2 years		92	46.0
3 – 4 years		28	14.0
5 – 6 years		15	7.5
More than 6 years		22	11.0
Income in a month	< US\$ 195,998	18	9.0
	US\$ 195,99 – 391,997)	109	54.5
	US\$ 391,998 – 587,993)	36	18.0
	US\$ 587,994)	37	18.5
Educational Background	High School	41	20.5
	Bachelor Degree	149	74.5
	Post-graduate Degree	10	5.0
Company	PhD	0	0
	Bank BCA	18	9.0
	Bank Mandiri	43	21.5
	Bank BRI	15	7.5
	Bank BNI	14	7.0
	Unilever	22	11.0
	Astra International	12	6.0
	Gudang Garam	22	11.0
	Telecommunication Indonesia	18	9.0
	Semen Indonesia	6	3.0
	Other	30	15.0

ANOVA tests show that there is a significant difference among age, income and education on Transactional Leadership. Participants in different

level of education show different style of transformational leadership and general leadership. This table also shows that there is a significant difference among age on laissez-faire leadership. In addition, the results find that participants from different company show different results on job performance.

Table 2. - Correlation Analysis

Variable	Mean	SD	1	2	3	4	5
Transactional	3.901	0.5122					
Transformational	3.785	0.6399	.624***				
Laissez-Faire	2.086	0.7629	-.364***	-			
Job Satisfaction	3.776	0.5964	.358***	.303***	-.190**		
Job Performance	3.975	0.5831	.262***	.309***	-.179*	.438***	
Leadership	3.604	0.4407	.795***	.941***	-.151*	.560***	.299***

p<0.001***, p<0.01**, p<0.05*

REGRESSION AND HYPOTHESES TESTS

The regression model is used to test the relationship between transactional leadership and job satisfaction which shows in table 4.6. The results show that transactional leadership is significantly related to job satisfaction ($F = 29.094^{***}$, $p < 0.001$). Based on the result, this study can conclude that Hypotheses 1a is supported ($t = 5.394$, $p < 0.001$) which means that there is a positive relationship between transactional leadership and job satisfaction.

In order to test Hypotheses 1b, this study uses Pearson correlation and regression analysis to examine the relationship between transformational leadership and job satisfaction. The study finds that transformational leadership is significantly related to job satisfaction ($F = 114.002^{***}$, $p < 0.001$). Based on this table, this study concludes that H1b is supported ($t = 8.115^{***}$, $p < 0.001$). Namely, there is a positive relationship between transformational leadership and job satisfaction.

In order to test Hypotheses 1c, this study uses Pearson correlation and regression analysis to examine the relationship between laissez-faire leadership and job satisfaction. Results show that laissez-faire leadership is significantly related to job satisfaction ($F = 7.446^{**}$, $p < 0.01$). Based on this table, this study concludes that H1c is supported ($t = 33.736^{***}$, $p < 0.001$); There is a positive relationship between laissez-faire leadership and job satisfaction. This study finds that there is a significantly positive relationship

between leadership and job satisfaction ($F=90.263^{***}$, $p<0.001$). Based on table 4.9, this study concludes that Hypothesis 1 is supported ($t= 3.618^{***}$, $p<0.001$) which means that leadership has a positive relationship between job satisfaction. This study uses Regression analysis in order to test the relationship between transactional leadership and job performance. Leadership is found to significantly related to job performance ($F=14.563^{***}$, $p<0.001$). Because of t-value is 9.152^{***} ($p<0.001$), this study concludes that Hypothesis 2a is supported. It means that Transactional Leadership has a positive relationship with job performance. In order to test Hypotheses 2b, this study uses Pearson correlation and regression analysis to examine the relationship between transformational leadership and job performance. The study finds that transformational leadership is significantly related to job satisfaction ($F=20.860^{***}$, $p<0.001$). Based on this table, this study concludes that H2b is supported ($t=12.306^{***}$, $p<0.001$). It means that there is a positive relationship between transformational leadership and job performance.

The regression model is used to test the relationship between laissez-faire leadership and job performance. According to table 4.11, it shows that laissez-faire leadership is significantly related to job performance ($F = 6.541^*$, $p<0.05$). Based on the result, this study can conclude that Hypotheses 2a is supported ($t=35.888$, $p<0.001$). Namely, there is a positive relationship between laissez-faire leadership and job performance. The regression model is used to the test the relationship between leadership and job performance. It shows that leadership is significantly related to job performance ($F = 19.480^{***}$, $p<0.05$). Based on the result, this study can conclude that Hypotheses 2b is supported ($t=7.821$, $p<0.001$); there is a positive relationship between leadership and job performance. The results show the relationship between job satisfaction and job performance. Job satisfaction is found significantly correlated to job performance ($F=47.122^{***}$, $p<0.001$). Namely, there is a positive relationship between job satisfaction and job performance.

Job Satisfaction as the Moderator

Moderate regression is used to determine the moderation effect of job satisfaction on the relationship between leadership and job performance. Comparing the results in Model 1 and Model 2 from Table 3, it shows that job satisfaction has a moderating effect on relationship between leadership and job satisfaction. Model 1 shows that leadership is significant correlated to job performance ($\beta = 2.548$, $p = 0.000$, $p<0.001$). Model 1 also shows that leadership represent 29.9% of job performance ($r = 0.299$). In addition, Model 2 shows that leadership and job satisfaction are significantly

correlated to job performance ($\beta = 2.14$, $p = 0.000$, $p < 0.001$). According to Model 2 in Table 4.15, it finds that leadership can change 44.3% of job performance with job satisfaction as moderator ($r = 0.443$). Therefore, hypothesis 4 is supported which means that job satisfaction has a moderating effect on the relationship between leadership and job performance.

Table 3. - Regression Analysis between Leadership, Job Performance and Job Satisfaction

Independent Variables	Job Satisfaction	
	Model 1	Model 2
(Constant)	2.548*** (.000)	2.14*** (.000)
Leadership	.396*** (.000)	.104 (.309)
Job Satisfaction	--	.386*** (.000)
F	19.480***	24.085***
P	.000	.000
R	.299	.443
R Square	.090	.196
Adjusted R Square	.085	.188

$p < 0.01$ ***, $p < 0.01$ ** , $p < 0.05$ *

CONCLUSION

This study claims the relationship among leadership style, job satisfaction and job performance. Specifically, leadership style has significant and positive influence on job satisfaction and job performance. There is also a significant and positive relationship between job satisfaction and job performance. In addition, job satisfaction plays a moderator role in the relationship between leadership and job performance. This study found that hypothesis 1 is supported which in line with DeCremer (2003) who said that there is a positive relationship between leadership and job satisfaction. Limsila and Ogunlana (2007) also mentioned that an appropriate leadership style leads to employee satisfaction. Wilderom, Berg and Peter (2004) also found that organization's leadership style has a direct impact on the relations between superiors and employee which is affecting job satisfaction and job performance.

Some researcher such as Pritchard and Karasick (1973); Sheridan and Vredenburg (1978); Hampton, Dubinsky, Skinner (1986) found that

relationship between leadership and job performance is negative. In addition, some other researchers such as Yousef (2000); O'Reilly and Roberts (1978); Lowen and Graen (1972); Downey, Duffy, Shiflett (1975); and Weed (1976) found that there is no link between these two variables, leadership and job performance. In contrast, this study finds that there is a positive relationship between leadership and job performance. This study is in line with Charlton (2000) who said that effective leadership has a positive sway on employee performance. Hellriegel, Jackson and Oosthuizen (2004) also said that effective leadership is helpful in ensuring organizational performance. Therefore, Rollinson (2001) mentioned that leadership style will translate into employee's performance because leader task is to coordinate the subordinates.

This study found that hypothesis 3 is also supported which is job satisfaction has a positive relationship to job performance. Broke (2006) said that low job satisfaction lead to decrease employee performance, absenteeism, high employee turnover, and early retirements. This study finding is in line with Puspahkumari (2008) and Hussin (2011) who found that job satisfaction has a positive and significant relationship towards job performance.

Previous study by Andreia Ispas (2012) finds that leadership styles affect employee performance through job satisfaction and organizational commitment. Previous study finds mediator relationship between these variables. This study finds that job satisfaction has moderating effect towards the relationship between leadership and job performance.

Theoretical Contribution

Job performance usually talks about employee. This study thinks that to improve performance, employee is not the only factor that can improve their performance. There are other factors that could influence the performance such as the leader, demands of their life or employee satisfaction. Each leader has their own characteristic in leading their subordinates while employee has their own favorable characteristic that they want from their leader. Since the leader task is to influence and coordinate their subordinate, it means that they can influence their follower performance (Rollinson, 2001). Although leader and job satisfaction can affect employee performance, but it does not mean that job performance absolutely determined by job satisfaction since each employee has different problem such as family problem, education level, age. Therefore, researcher studies mediating role of job satisfaction on the relationship of leadership and job performance.

This study focuses on how leadership styles affect job satisfaction and job performance in Indonesia. Researcher find out that leadership style can affect employee performance; job satisfaction can affect their performance. In addition, while most previous study about moderator relationship between leadership, job satisfaction and job performance, this study finds that job satisfaction has mediating effect on the relationship between leadership and job performance. In order to have better understanding of effective leadership, this study constructs from several leadership theories. For instance, this research focuses on transformational, transactional and laissez-faire leadership. The results of the study also in line with Spector (2000) that said job satisfaction is related to many job outcomes such as job performance. Spencer also mentioned that leadership styles of managers and job satisfaction of subordinates have salient effects on subordinate work performance.

Practical Implications

Results of the study also have some implication for practitioners. First, try to be a certain type of leadership. To have a certain type of leadership, a company can give training to manager. Secondly, if leader is not good, try to make employee satisfied. To make employee satisfied, there are several factors that can make employee satisfied such as pay, promotion, reward, work environment, etc. Another way to make your employee satisfied is to know more about their biggest problem by sharing to each other through having dinner after work. Third, the results of the study will help managers to have better understanding about the role of leadership style to make their followers have better performance. Fourth, for academic and researchers, this study brings a new relationship model that can be investigated more in different area.

Limitation of Study

Although this study has obtained the research objectives, but still there are some limitations and restricts. First, about the scale and scope of research, because of the limitation in financial and time, this study just focuses in Indonesia. Each country has different culture, if the study conducts in different country or region, it could lead to different result. Second, about the research target, this study is conducted among employees. If the research targets are managers and administrators, the findings could be different, more clearly and precisely. Third limitation is about the sample size. Since the bigger the sample size, the closer it is to the reality. Last, this study only focuses on leadership style which consists of transformational

leadership, transactional leadership and laissez-faire leadership. In addition, there are a lot of interesting part about leadership such as leader's behavior, leader attributes, and another type of leadership style. All the limitations above can be improved with future study.

Through this study, researcher found that leadership can affect job satisfaction and job performance. A good leader is they who can affect or influence their follower in order to achieve company goals by having a better performance. Rollinson (2001) mentioned that a leader task is to influence and coordinate their subordinates which mean that they can influence their follower performance. This study has proved that job satisfaction can influence the relationship of leadership and job performance. A good leader can make employee satisfied which is if employee satisfied also can lead to employee performance. Through this study, leadership also can help organization performance through their follower's performance. A company without their employee is nothing; therefore, through a good leader who can influence their follower, they can lead and coordinate their subordinates to work to achieve better performance.

REZIME

DA LI JE LIDERSTVO VAŽNO? ISTRAŽIVANJE UTICAJA STILOVA LIDERSTVA NA ZADOVOLJSTVO POSLOM I RADNI UČINAK

Stil liderstva igra važnu ulogu u organizaciji, jer dobar lider može uticati na svoje zaposlene podstičući ih da dostignu postavljene ciljeve organizacije. Svaki lider ima svoje karakteristike i način kojim koordiniše zaposlenima. Ova studija ima za cilj da utvrdi kako stilovi liderstva utiču na zadovoljstvo radnim mestom svakog zaposlenog i njihove poslovne učinke. Pripremljeni upitnik prilagođen je on-line prikupljanju podataka. U istraživanju je učestvovalo 200 ispitanika zaposlenih u 20 najboljih kompanija u Indoneziji. Analiza rezultata pokazala je da stil rukovođenja ima značajnu i pozitivnu korelaciju sa zadovoljstvom radnim mestom kao i ostvarenim performansama zaposlenih. Štaviše, ova studija je pokazala da zadovoljstvo radnim mestom ima posredan efekat na odnos između stilova rukovođenja i ostvarenih performansi.

Ključne reči: stil liderstva, zadovoljstvo poslom, radni učinak, transakciono liderstvo, transformaciono liderstvo, laissez-faire liderstvo

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