

## JOB SATISFACTION AND PERFORMANCE IN EAST JAVA'S SME SECTOR: THE EFFECTS OF TRANSFORMATIONAL LEADERSHIP AND WORK DISCIPLINE

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### Abstract

In various fields, especially organizational life, human factors are the main problem in every activity in it. To find out the extent of the role and contribution of human resources in achieving organizational success, performance measurement is certainly needed. The purpose of this study is to examine the effect of Transformational Leadership Style and Work Discipline on Job Satisfaction and Employee Performance. This research is a review of the theory and several studies which have been conducted on the Style of Transformational Leadership, Work Discipline, Job Satisfaction, and Employee Performance. The results of the study became a reference to improve Employee Performance related to Transformational Leadership Style, Work Discipline and Job Satisfaction.

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### Introduction

In various fields, especially organizational life, human factors are the main problem in every activity in it. The organization is a social entity that is consciously coordinated with a reactive boundary. It can be identified as working continuously to achieve goals (Robbins, 2006: 37). Sudarmanto (2009) added, to find out the extent of the role and contribution of human resources in achieving organizational success, performance measurement is certainly needed. Performance is a work accomplishment, which is a comparison between work results that are tangible to the established work standards. A leader or head of an organization will be recognized as a chief if he has influence and able to direct his employees towards achieving organizational goals (Agustyantono et al, 2016).

The first factor that can affect performance is leadership style. Robbins (2008: 39) says that Leadership is the ability to influence a group to achieve goals. Modern leadership models such as transformational leadership play an important role for the organization. Sunarsih (2001) also states that transformational leadership includes the development of closer relationships between leaders and employees, not just a work agreement but rather based on trust and commitment.

Work discipline is also one of the factors that influence performance. According to Sutrisno (2011), work discipline on employees is needed, because organizational goals will be difficult to achieve if there is no work discipline. According to Pridjominto (1993), expressing discipline is a condition that is created and formed through a process of a series of behaviors that show the values of obedience, conformity, regularity and orderliness.

Husain Umar (2008: 213), states that job satisfaction is the feeling and judgment of a person for his work. This is a general attitude towards work based on the assessment of aspects within. Employees do not only work in the office formally, but they must be able to feel and enjoy their work so they will not be bored and more diligent in their activities. This study aims to analyze the effect of transformational leadership style and work discipline on job satisfaction and employee performance.

### Literature Review

#### Transformational Leadership Style

Transformational leadership increases the awareness of its followers by attracting ideals and values such as justice, peace and equality (Surbakti and Suharnomo, 2013). Kotler (1993) suggests that higher needs, such as self-esteem and self-actualization, can only be fulfilled through the practice of transformational leadership styles. Bass (2003) and Koh, et al. (2005) suggested that the extent to which a leader is said to be a transformational leader can be measured by how the leader is dealing with employees.

Hotzel (2004) in Arif (2010) states that indicators of transformational leadership consist of leadership dimensions, namely:

- a. *Idealized Influence*

Lead to transformational leadership behavior in which followers try to work hard beyond what is imagined. Charismatic leaders provide vision and mission, instill pride, respect and trust, and inject optimism among employees.

- b. *Inspirational Motivation*  
Leaders use various symbols to focus efforts or actions and express goals in simple ways. The leader also evokes a spirit of teamwork, enthusiasm and optimism among coworkers and employees.
- c. *Individual Consideration*  
Transformational leaders pay special attention to the needs of each individual to achieve and develop, by acting as a coach, advisor, teacher, facilitator, trusted person, and counselor. The leaders try to motivate employees to reach their full potential through training, mentoring, and linking individual needs to the organization's mission.
- d. *Intellectual Stimulation*  
The leaders try to provide support to coworkers to be more innovative and creative, where leaders encourage employees to ask assumptions, provide them with new ideas that challenge and raise awareness of problems, awareness of their own thoughts, and recognition of their vision in employees and express approaches with a new perspective.
- e. *Idealized Behaviours*  
The leaders get honor and respect from their employees for carefully considering the needs of their employees above his own, talking about their values and beliefs and also emphasizing the importance of the moral and ethical consequences of key decisions.

#### Work Discipline

According to Soengeng Pridjominto (1993: 15), expressing discipline is a condition that is created and formed through a process of a series of behaviors that show the values obedience, conformity, regularity and orderliness. Applied work discipline is a leadership communication tool as stated by Veitzzal Rivai (2004: 44), where he states that: "Work discipline is a tool used by managers to change behavior and as an effort to increase one's awareness and willingness to obey all applicable company regulations and social norms".

Basically, there are many indicators that affect the level of discipline of employees of an organization, one of which is according to Singodimejo in Sutrisno (2011: 94), which are:

- a. Obey the rules of time  
Judged from the hours of starting work, time to go home, on-time rest hours and in accordance with the rules that apply in the company.
- b. Comply with company regulations  
Basic rules on how to dress, employees must use office uniforms, employees must use identification / identity cards, and inform permission if they cannot attend the office.
- c. Obey the rules of behavior in work  
Shown by ways of doing jobs according to position, duties, and responsibilities and how to relate to other work units.
- d. Comply with other regulations in the company  
Rules about what is allowed and what should not be done by employees in the company, such as being careful when using company property.

#### Job satisfaction

Robbins (2003) defines job satisfaction as the general attitude of individuals toward their work. Another definition stated by Church (1995) which states that job satisfaction is the result of various kinds of attitudes that are owned by employees. In this case, the attitude referred to is matters relating to work along with specific factors. Jurges (2003) argues that job satisfaction is an important outcome in labor market activity. Job satisfaction is a factor that can lead to continuous motivation for employees (Hidayah & Tobing, 2018).

There are several indicators in Measuring job satisfaction of an employee. The following are indicators of job satisfaction adopted from Herzberg's two-factor theory in Mangkunegara (2009: 121-122), namely:

- a. Compensation  
Employees want a payment system that is fair, unambiguous, and in line with their expectations. When payments are considered fair, in the sense that they are in accordance with the demands of the work, the level of individual skills, and the standard of payment of the community, satisfaction is likely to be created.
- b. Working conditions  
Employees relate to their work environment for personal comfort and ease of doing good work. These include spatial planning, cleanliness of the workspace, facilities and tools, temperature and noise levels.

- c. Supervision  
It is the ability of leaders to provide technical assistance and behavioral support to employees who experience problems at work.
- d. Opportunity to develop  
This is a factor that relates to the existence of an opportunity to get a career increase during work. This opportunity has a different influence on job satisfaction.

Employee performance

The term performance comes from the word job performance or actual performance (the actual achievement achieved by the employee), which are the work results in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Mangkuprawira in Edward, Sumarni and Almaududi, 2014). Performance as the results of the function of work / activity of a person or group in an organization is influenced by various factors to achieve organizational goals within a certain period of time (Tika, 2006). Employee performance indicators According to Mangkunegara (2009: 67), are as follows:

- a. Work Quality  
Showing neatness, accuracy, relevance to work results without ignoring the volume of work. The existence of good quality work can avoid the level of errors in the completion of a job that can be beneficial for the company's progress.
- b. Work Quantity  
Showing the number of types of work carried out at one time so that efficiency and effectiveness can be achieved in accordance with the objectives of the company.
- c. Responsibility  
Showing how much the employee is accepting and carrying out his work, taking responsibility for the work results and the facilities & infrastructure used and also his work behavior every day.
- d. Teamwork  
Willingness of employees to participate with other employees vertically and horizontally both inside and outside the work so that the results of the work will be better.
- e. Initiative  
There is an initiative from within the organization members to do work and overcome problems without waiting for orders from the leader or showing responsibility in the work that is an obligation of an employee.

**Theoretical Framework**

Based on the background and formulation of existing problems, the characteristics of the problems examined in this study can be categorized as explanatory research, namely research to examine the relationship or influence between hypothesized variables. This study uses SEM (Structural Equation Model) which is based on evaluation of the existence of interdependent relationships between variables.

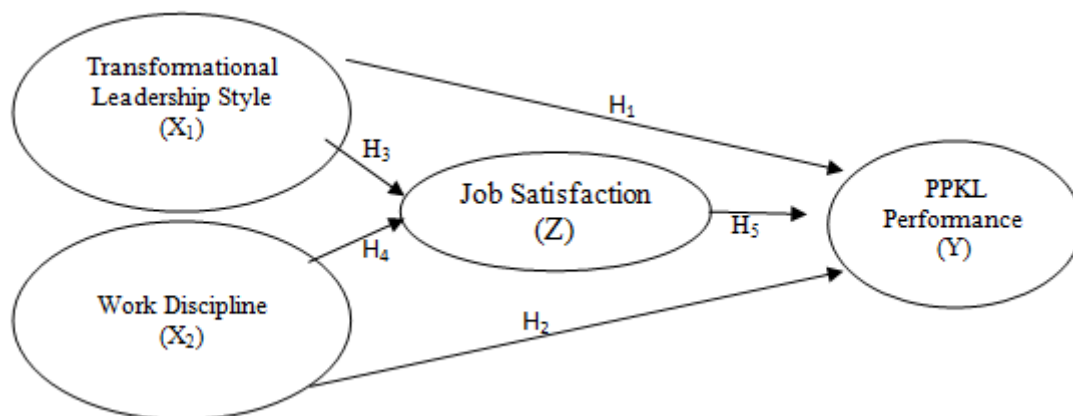


figure 1. Research Conceptual Framework

Hypothesis

Some of the hypotheses proposed in this study can be described as follows:

- H1 : Transformational leadership style has a significant positive effect on PPKL performance
- H2 : Work discipline has a significant positive effect on PPKL performance
- H3 : Transformational leadership style has a significant positive effect on job satisfaction
- H4 : Work discipline has a significant positive effect on job satisfaction
- H5 : Job satisfaction has a significant positive effect on PPKL performance

## Discussion

Leaders have a big responsibility to create conditions that stimulate employees to achieve the specified goals. To achieve organizational goals, employees must override their personal goals or at least have some goals to achieve the organization's main goals. Subhi (2014), Samad (2012), and Ghaleb (2016) through the research conducted found that the effect of transformational leadership style on employee performance turned out to have a significant effect on them

Work discipline is a tool used by managers to communicate with employees so that they are willing to change their behavior and as an example of an effort to increase one's awareness and willingness to comply with all company regulations and applicable norms. Tintami (2012) states that work discipline has a positive and significant effect on employee performance. Reza and Regina (2010) states that employee work discipline has a positive effect on employee performance and Jeffrey (2015) says there was a significant effect of work discipline, motivation for achievement and simultaneous career path on employee performance.

One of the factors that influence job satisfaction is leadership, where the level of job satisfaction, organizational commitment and employee performance is inseparable from the role of the leader towards employees. Good attention and relationships from leaders to employees can increase employee job satisfaction so that employees will feel themselves an important part of the work organization. Lamidi (2009), Dewi (2013), and Saleem (2015) state that transformational leadership style influences employee job satisfaction and also, the higher job satisfaction the higher organizational commitment will rise.

Good discipline reflects the amount of one's responsibility for the tasks assigned to him. Discipline is an action to encourage employees of an organization to meet established work standards, in this case related to job satisfaction perceived by each employee, if good work discipline will create good job satisfaction. This statement is in line with the results of research from Suparno and Sudarwati (2014) and Akbar (2015) which state that work discipline has a positive and significant effect on job satisfaction.

The relation between job satisfaction and employee performance is also shown by the condition of the company where employees who are more satisfied tend to be more effective than companies with employees who are less satisfied. Dessler (2000) and Indrawati (2013) says job satisfaction has a positive significant effect on employee performance, meaning that job satisfaction has a role to achieve better standard productivity & quality and more efficient use of resources.

## Conclusion

From the study of theory and the results of previous studies, performance is influenced by several factors, including transformational leadership style, work discipline and job satisfaction. This research can be summarized as follows:

- a. The Transformational Leadership Style has a significant effect on Performance
- b. Work Discipline has a significant influence on Performance
- c. Transformational Leadership Style has a significant effect on Job Satisfaction
- d. Work Discipline has a significant influence on Job Satisfaction
- e. Job Satisfaction has a significant impact on Performance

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