

The Influence of Leadership Style with Job Satisfaction as Mediating Variable on Employee Performance

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Abstract

The purpose of this study was to determine the effect of leadership style on employee performance through mediation of job satisfaction. The leadership styles studied in this study are transformational and transactional leadership styles. Research data is taken from one of the largest mining contractors in Indonesia, which is spread across several mining operational areas. To measure aspects of leadership style, researchers used the Multifactor Leadership Questionnaire (MLQ-5X). The sampling method used in this study was purposive sampling. The data was collected by distributing questionnaires using google doc which were then processed by the structural equation modeling (SEM) method using the SmartPLS statistical software. The results of this study indicate that the transactional leadership style does not have a direct influence or through mediation of job satisfaction on employee performance. Conversely, transformational leadership style has a significant influence on employee performance. Even the transformational leadership style has a stronger influence on employee performance through mediating job satisfaction

Keywords: Leadership style, Transformational Leadership, Transactional Leadership, Job satisfaction, Employee performance

1. Introduction

Achieving an organizational goals is the main focus of the formation of organizations, both public organizations and business organizations. An organization will be successful in achieving its goals and programs if people who work in the organization can carry out their duties, both in accordance with their respective fields and responsibilities. In order for the people working in the organization to carry out their duties properly, it is necessary to have a leader who can exert influence and direct all available resources towards achieving goals. According to Mintzberg (2010) leadership is the key to trust that comes from respect for others. Jamaludin (2011) conducted research on their leadership and style and suggested that effective cadres are those who use their strengths for the advancement of followers and the organization as well. Leaders are one of the main drivers in increasing production and innovation (Lievens, Geit & Coetsier, 1997). A leader will try to improve the performance of his employees so that they can do work in accordance with the stated goals, including by giving praise, giving certain gifts and awards, taking corrective action, even using methods of exerting pressure on their employees. One of the models developed is transformational leadership and transactional leadership. Lievens et al, (1997) and Berson, Shamir, Avolio & Popper (2001) articulate that transformational leadership is

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beneficial for innovations applied by organizations in the era of competition, Transactional Leadership will be useful, when leaders do not care about achieving goals. leaders, therefore we must stick to the approach to achieving goals (Bass, 1997).

According to Raelin (2011) Leadership is directly related to practices dedicated to people. The most substantial leaders are their influential personalities which have a positive relationship with job satisfaction and performance (Lian et al, 2011). Employees' perceptions of their jobs are considered an important element in measuring job satisfaction, their perceptions refer to job prestige, career development and employee self-esteem, transformational leadership focuses on all dimensions (Bogler, 2001). The leadership style and the presence of new management as well as the changes brought about by the new leaders of the organization usually employees tend to feel worried about their work in the future. Employees will start to ask questions about the future of their career, and what kind of work environment changes they will face. An employee can be said to have psychological security if they are free to be themselves, have the right to determine what they want and how to achieve it, are free to make decisions, be positively involved in career determination. Therefore leaders must create environmental conditions that encourage employees to perform better, when they take part in decision making, when they are rewarded through promotions and salary increases, when they are rewarded with adequate safety in the workplace, when they are rewarded and rewarded for outstanding performance. According to Atogiyire (2001), several things that motivate employees to work effectively include: a good reward system, training and development, leadership style, promotion, work environment, and so on, all of which are strong motivators. It is important to note that employees are needed to emphasize the organization that plays an important role in achieving organizational goals. Therefore, an employee needs to be motivated to work efficiently.

Humans are the most determining resource in achieving the goals desired by the company. The problem of this company is the level of employee performance, for an effort that can improve employee performance, with these problems it is suspected that the leadership style and performance satisfaction factors have an influence on employee performance in a literature written by David Ackah (2014), that it is in the country. Ghana in the manufacturing industry sector, which greatly affects employee performance is the transactional leadership style. Employees are more triggered to give their best performance if employees get clear rewards, clear promotions so as to improve performance to give their best. As in the theory put forward by Kuhnert & Lewis, (1997) transactional leadership is an exchange between followers and leaders of the desired results by fulfilling the leader's interests and follower expectations, Jung (2000–2001) also defines transactional leadership as a leader's talent towards identifying needs and aspirations of followers and clearly shows how to meet this need in exchange for follower performance. employees are also more afraid or avoid a punishment because it will have an impact on the income they will get. It is different from the literature written by Asrar & Peter (2016), the transformational leadership style is more dominant in increasing employee performance in banking companies in Pakistan. Geit & Coetsier (1997) and Berson, Shamir, Avolio & Popper (2001) articulate that transformational leadership is beneficial for innovations applied by organizations in an era of competition, transformational leaders can provide smooth, progressive change by placing value on expanding the vision and by encouraging subordinates. to pursue that vision with four leadership scales, namely charisma, inspiration, individual consideration, and intellectual stimulation. Meanwhile, laissez faire leadership and transactional leadership did not have a significant effect on employee performance.

In previous studies, it is rare to find discussions related to the influence of leadership style on employee performance using the mediating variable job satisfaction in the mining contractor industry. The next most fundamental difference is the object of research. Research related to leadership in the mining contractor industry is very much needed because it relates to aspects of work safety and also this type of business requires a strong leadership style because it is labor intensive. A strong leadership style is needed to support the organization in the mining contractor industry in achieving organizational goals. In this study, it focuses on how the influence of leadership style on employee performance through mediation of job satisfaction conducted at one of the mining contractors in Indonesia. The leadership style uses two types of leadership, namely transactional leadership and transformational leadership. The contribution of this research provides evidence for leadership because the object of research is the largest mining contractor in Indonesia.

2. Literature Review

Employee Performance

Employee performance is described as "the productivity level of an individual employee, relative to his coworkers, regarding multiple work-related behaviors and outcomes" (Babin et al., 1998). Financial and non-financial indicators affect job performance and are ultimately related to organizational success (Macey & Schneider, 2008). Employee performance is defined in Vroom's 1964 Expectation Theory, as "a motivating

individual to achieve a specific goal or performance target can be obtained in terms of what results will benefit the individual as a result of achieving that goal and what value is placed on that outcome" (Banjoko, 2002). Leader of participatory behavior, work involvement and inspiration make positive work in employee performance (Salanova & Schaufeli, 2008). In the era of globalization, the most important thing faced by leaders is how to master various strategies to improve company performance (Habib et al., 2010) Employees pay great attention to their work environment both in individual comfort and in the ease of doing their job well (Robbins, 2002). Previous research has examined that a positive relationship is found between satisfied employees and the organization, as satisfied employees' performance is more productive for the organization. then less employees satisfied (Ostroff, 1992). Leadership is associated with employee performance (Ogbonna & Harris, 2000). Ahmad et al (2015) stated that employee performance is how employees are effective and efficient in carrying out their duties or activities.

Transformational Leadership

Leadership that creates value and positive change in followers is Transformational leadership. Such leaders focus on "transforming" each other to help each other, to look after each other, to encourage and be harmonious, and to care for the organization as a whole. There are 4 components of transformational leadership behavior (Avolio & Bass, 2004), namely:

- a) Idealized influence emphasizes the type of leader who exhibits trust, belief and is admired / praised by followers.
- b) Inspirational motivation emphasizes how to motivate and inspire subordinates to task challenges. It is hoped that the influence will increase the spirit of the group.
- c) Intellectual stimulation emphasizes the type of leader who seeks to encourage subordinates to think about innovation, creativity, new methods or ways.
- d) Individualized consideration emphasizes the type of leader who pays attention to the development and achievement needs of subordinates.

Transformational leadership can make the progress of these changes smooth by placing value on expanding the vision and by encouraging subordinates to pursue that vision. It informs the four leadership scales, namely charisma, inspiration, individual consideration, and intellectual stimulation. Transformational leadership or as others are called visionary leadership, where leaders motivate their employees to exceed certain expectations (Hater & Bass, 1988; Doucet, Fredette, Simard, & Tremblay, 2015). Transformational leadership changes employees' beliefs and attitudes by inspiring them (Burns, 1978). Employee decisions and motivation to achieve certain goals according to Rouche, Baker, and Rose (1989) and Tajasom. Hung, Nikbin, and Hyun, (2015), transformational leadership helps their followers to accomplish organizational goals and missions by working with them and through them. They enlist their followers by influencing their beliefs, values, attitudes and behavior. Colquitt et al. (2015) explain that transformational leadership is leadership that involves inspiring all members to commit to a common vision that gives meaning to the development of their own potential and several problems from a new perspective. Transformational leadership motivates followers in such a way as to go beyond change. Transformational leadership theory provides evidence that the leadership style of corporate leaders affects the outcome of the emotional attachment of followers or employees.

Transactional Leadership

Transactional Leadership will be useful, when the leader does not care about achieving goals. leaders, therefore we must stick to the approach to achieving goals (Bass, 1997). Employees are rewarded for completing assignments. Transactional leadership style is measured based on the following indicators:

- a) Contingent Rewards are leadership behaviors that focus on clearly defined tasks.
- b) Management-by-Exception is the leader supervising and actively looking for deviations from rules and standards to avoid deviations.
- c) Management-by-Exception passive is the leader intervening in the work if something goes wrong

Therefore, they use positive and negative reinforcement for any desired outcome. Leaders do not expect innovative ways to perform tasks from their employees (Hartog & VanMuijen, 1997). Kark et al., (2017) suggest that leaders with a transactional leadership style set standards and norms, and pay attention to obligations, while directing employees to perform tasks in the "right and expected way". According to Smith, Eldridge, and DeJoy (2016), Transactional Leadership has been used as a corrective approach, and has two dimensions: contingent reward; and management by exception (active and passive). Contingent prizes means leaders use prizes and promotions to get the desired results from their followers.

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Job Satisfaction

Setiawan (2012) explains that job satisfaction is an assessment or reflection of the feelings of workers towards their work and will be seen in the positive attitude of workers regarding everything that is faced by their work environment and towards their work. (Hungra, Chuni, Aslam, Azam and Rehman, 2005) concluded that there is a positive relationship between autonomy, leadership behavior, team work environment and job satisfaction. If organizations must increase job satisfaction among their workers and increase commitment, researchers view that they must follow transformational leadership (Koh, Steers & Terborc, 1995). Transformational leadership is effective in two ways, first it builds enthusiasm, second, instills a sense of sight that leads to higher job satisfaction, because of this, the performance of entrepreneurs takes a positive slope (Kennedy & Anderson, 2002). Janssen, Yperen (2004) said that transactional leadership entertains employee performance by increasing follower job satisfaction. Participatory leadership style or direction can both be an element of increasing employee participation, and in turn increasing employee performance (Kahai, Sosik & Avolio, 2004). Liang, Chan, Lin and Huang (2011) take job satisfaction as a mediator between transactional leadership and transformational leadership styles and articulate this style to create a strong relationship between employee performance. Robbins and Judge (2015) assume that job satisfaction is a positive assessment of employees about their work, where the assessment comes from evaluating the characteristics of the job.

Framework of the study and hypotheses.

Leader participatory behavior, job involvement and inspiration make positive work in employee performance (Salanova & Schaufeli, 2008; Sarti, 2014). Hung, Nikbin, and Hyun, (2015), transformational leadership helps their followers to accomplish organizational goals and missions by working with them and through them. Bass in Yukl (2001), transformational leadership style is a leadership style where leaders change and motivate followers so that they feel trust, admiration, loyalty and respect for the leader. In principle, transformational leadership style motivates subordinates to do better than what can be done, in other words, it can increase the confidence or self-confidence of subordinates which will have an effect on improving employee performance, Knicki and Kreitner (2014).

H1: Transformational leadership affects employee performance

According to Laohavichien et al., (2009) the type of transactional leadership can lead employees to successful quality performance, because leaders can respect the achievement of goals and provide penalties for employees who do not meet standards. Leaders can build commitment with employees to achieve goals, such as innovative activities and aligning employee expectations with increasing company needs, which also leads to higher quality performance.

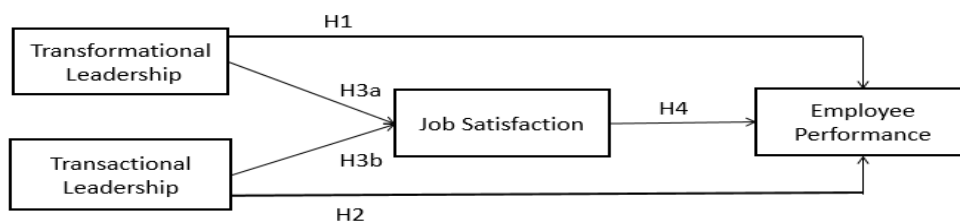
H2: Transactional leadership affects employee performance

Transformational leadership is defined as a leader who is able to inspire followers to go beyond personal interests and job satisfaction for the good of the organization and has a tremendous impact on followers, and the leadership style used by a manager if he wants a group to expand boundaries and have performance beyond the status quo or achieve an entirely new set of organizational goals (Robbins & Judge, 2015; O'Leary, 2001). Based on Bushra, Usman and Naveed (2011), there is a positive relationship between transformational leadership and employee job satisfaction. Krishnan (2005) revealed transformational leadership as a key factor in high job satisfaction and thus increased employee performance.

H3a: Transformational leadership affects employee performance through Job Satisfaction

According to Spector (1997), job satisfaction is defined as a person's feelings about work and aspects of their work. This feeling of his work can be seen through two approaches, namely the general approach (global approach) and the specific (based on aspects). The general approach is used when someone wants to know the level of someone's satisfaction in his job, along with its effects on other variables. In this case, the general approach sees job satisfaction as a whole and the employee's feelings on the job as a whole.

H4: Job satisfaction affects employee performance.



3. Research Methode

Research Design

The purpose of this study is to see the impact of leadership style on employee performance through transformational leadership, transactional leadership in mining contract companies through job satisfaction as the mediation. A quantitative survey approach was used in this study. Kotler, et al (2006) states that exploratory or explanatory research is a form of approach whose goal is to something (interesting phenomena) that is not yet known, understood, or the problem is well recognized. In addition, most quantitative research data analysis is statistical in nature, seeking to show that the world can be seen in one reality; this reality, when isolated in context, can be measured and understood. This perspective is known as positivism (Gay & Airasian, 2000). By using a deductive approach, quantitative research seeks to establish facts, make predictions, and test hypotheses that have been advanced. According to Sugiyono (2012: 21) explanatory research is a study with the aim of providing an explanation of the position or position of the observed (researched) variables and their correlation with other variables. While the nature or characteristics of this research can be replicated, so that the results of the hypothesis must also be supported from the results of previous studies, which were carried out with more or less the same conditioning. and correlational. Quantitative methodologies are suitable for this study to reduce errors, control for bias, eliminate unwanted effects, and perform analyzes through objective measurement and statistical techniques. In addition, the writer is an objective observer, who does not participate in or influence the subject being studied.

The Independent Variable in this study is Transformational leadership and transactional leadership. The dependent variable is employee performance. The mediating variable is job satisfaction. Research participants in this study will be asked to provide perceptions about leadership style, job satisfaction and employee performance. The unit of analysis for this research is individuals or employees, this is done because in this study we want to know the effect of leadership style on representative individuals in relation to the policies of leaders who have different styles. This study collected perceptions from employees about leadership style, employee performance and job satisfaction. The research setting for this study is in one of the coal mining contracting companies in Indonesia, in previous studies explored through the perspective of organizational performance (Obiwuru, 2011).

Sampling Method, Procedures and Sample Size

The sampling method we took was purposive sampling with a sampling technique that determined certain criteria (Sugiyono, 2008). The total sample that we will take in this study is 50% of the total population with a total sample of 153 people spread across the head office and on the jobsite at one of the mining contractor companies in Indonesia. The main purpose of purposive sampling is to produce a sample that can logically be considered representative of the population. The sampling we determine in our research is for the staff up level, which consists of staff, section heads, dept head, deputy project managers, project managers, managers, and division heads.

Method and Technique of Data Collection

The method of data collection that we use is a survey by distributing questionnaires using google doc. We chose the survey method because the unit of analysis is an individual. The data we will collect is general respondent identification data (name, age, genre, job site, length of work, position, and site placement) and a number of answers to questions related to leadership style (transactional & transformational), job satisfaction & employee performance that we have. Arrange with the hope of knowing the effect of leadership style on employee performance with job satisfaction as the mediation. The questionnaire in this study uses the MLQ-5X in knowing the aspects of leadership style. The MLQ-5X (Multifactor Leadership Questionnaire) is a standard instrument for the assessment of transformational and transactional leadership behaviors (Avolio & Bass, 2004). The MLQ-5X is used in an attempt to capture a broader range of leadership styles including transformational and transactional leadership (Northouse, 2001). The MLQ-5X assesses leadership in both business and

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nonbusiness environments (Avolio & Bass, 1995). In the MLQ-5X the indicators of transformational leadership questionnaire are idealized influence, inspirational motivation, intellectual stimulation & individualized consideration while the transactional leadership indicators are Contingent Reward, Management-by-Exception, & Management-by-Exception passive.

According to Luthans (2006) job satisfaction can be measured from the salary received, job promotion, satisfaction with superiors, job satisfaction itself and cooperation between partners. Employee capability and motivation can be used to measure employee performance, Mangkunegara (2013). Employee capabilities such as ability and confidence in work are part of the employee performance measure. Also employee motivation which consists of employee motivation and effort can measure employee performance. We will distribute the questionnaire using the google doc link which respondents can directly fill in so that the results of the filling can also be obtained directly. We chose closed questions in questionnaire questions with a Likert scale of 1-5, which scale shows the level of confidence or approval of the questionnaire questions. Number 1 = strongly disagree (STS), number 2 = disagree (TS), number 3 = doubt / neutral (N), number 4 = agree (S) and number 5 = strongly agree (SS).

4. Data Analysis & Discussion

From the questionnaire data that was distributed, it was obtained the background data of the respondents listed in table 1. The gender of the respondents was dominated by men at 86%. The largest age range is in the range 31-35 years with a percentage of 35%. The education level of the respondents with the highest percentage was S1 at 62%. The length of work in the range of 6-10 years is where the percentage of propellers is 39% and the position level in this study is mostly at the staff position level, namely 54%. Overall demographic data of respondents are in table 1.

Table. 1 Respondent Demographics

| | | | |
|-----------------|-------------------|-----|-----|
| Genre | Men | 132 | 86% |
| | Woman | 21 | 14% |
| Range Age | 26-30 | 26 | 17% |
| | 31-35 | 54 | 35% |
| | 36-40 | 30 | 20% |
| | 41-45 | 20 | 13% |
| | 46-50 | 9 | 6% |
| | 51-55 | 13 | 8% |
| | >55 | 1 | 1% |
| Education Level | SMA/SMK | 21 | 14% |
| | D3 | 25 | 16% |
| | D4 | 1 | 1% |
| | S1 | 95 | 62% |
| | S2 | 11 | 7% |
| Length Of Work | 1-5 years | 19 | 12% |
| | 6-10 years | 59 | 39% |
| | 11-15 years | 51 | 33% |
| | 16-20 years | 7 | 5% |
| | > 20 years | 17 | 11% |
| Position | Dept. Head | 11 | 7% |
| | Division Head | 4 | 3% |
| | Manager | 12 | 8% |
| | Staff | 82 | 54% |
| | Project Manager | 6 | 4% |
| | Section Head-Site | 38 | 25% |

$n = 153$

To analyze data and explain phenomena, the analytical tool used is PLS-SEM (Partial Least Square-Structural Equation Modeling). According to Ghozali & Latan (2015), the purpose of PLS-SEM is to develop a theory or build a theory (predictive orientation). PLS is used to explain whether there is a relationship between latent variables (prediction). PLS is a powerful analysis method because it does not assume current data with a certain scale measurement, the number of samples is small (Ghozali, 2011). Structural Equation Modeling (SEM) is used to test the model (Hair, Babin, Money, & Samouel, 2005) and to analyze the relationship between latent variables: Transformational leadership, Transactional leadership, Jobs satisfaction & Employee Performance.

5. Validity & Reliability Test

Exploratory factor analysis was carried out to test the validity of the constructs. The value of all factor loading of each indicator is more than 0.7, which means that all of them are valid and have analysis compatibility (Table 2). Average variance extracted (AVE) is a measure of the amount of variance captured by a construct in relation to the amount of variance due to measurement error, Fornell & Larcker (1981). From the AVE value in table 2. All variables have a value > 0.5, which means that all variables are valid (Table.2). The recommended reliability is above the 0.7 level (Hair, 1997). The Cronbach's Alpha value of each variable: EP = 0.847, JS = 0.802, TF = 0.970, and TS = 0.919 (Table 3) shows that everything is reliable (> 0.7). Validity discriminant was also tested on all variables and all results were valid.

Table. 2 Loading Factor

EP =Employee Performance, JS = Job Satisfaction , TF = Transformational, TS = Transactional

| Indicator | Employee Performance | Job Satisfaction | Transformational | Transactional | Remark |
|-----------|----------------------|------------------|------------------|---------------|--------|
| EP1 | 0.855 | | | | Valid |
| EP2 | 0.815 | | | | Valid |
| EP3 | 0.870 | | | | Valid |
| EP4 | 0.771 | | | | Valid |
| JS2 | | 0.744 | | | Valid |
| JS3 | | 0.796 | | | Valid |
| JS4 | | 0.802 | | | Valid |
| JS5 | | 0.826 | | | Valid |
| TF10 | | | 0.766 | | Valid |
| TF11 | | | 0.802 | | Valid |
| TF12 | | | 0.792 | | Valid |
| TF13 | | | 0.792 | | Valid |
| TF14 | | | 0.828 | | Valid |
| TF15 | | | 0.756 | | Valid |
| TF16 | | | 0.776 | | Valid |
| TF17 | | | 0.796 | | Valid |
| TF18 | | | 0.783 | | Valid |
| TF19 | | | 0.781 | | Valid |
| TF2 | | | 0.808 | | Valid |
| TF20 | | | 0.793 | | Valid |
| TF21 | | | 0.768 | | Valid |
| TF22 | | | 0.766 | | Valid |
| TF23 | | | 0.782 | | Valid |
| TF24 | | | 0.774 | | Valid |
| TF3 | | | 0.839 | | Valid |
| TF5 | | | 0.735 | | Valid |
| TF6 | | | 0.784 | | Valid |
| TF7 | | | 0.769 | | Valid |
| TF8 | | | 0.745 | | Valid |
| TF9 | | | 0.782 | | Valid |
| TS1 | | | | 0.892 | Valid |
| TS2 | | | | 0.919 | Valid |
| TS3 | | | | 0.886 | Valid |
| TS4 | | | | 0.889 | Valid |

EP =Employee Performance, JS = Job Satisfaction , TF = Transformafional, TS = Transactional

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Table. 3 Average Variance Extracted

| Variable | Average Variance Extracted (AVE) | Remark |
|----------------------|----------------------------------|--------|
| Employee Performance | 0.686 | Valid |
| Job Satisfaction | 0.628 | Valid |
| Transactional | 0.804 | Valid |
| Transformational | 0.613 | Valid |

Table. 4 Reliabilitas

| Variable | Cronbach's Alpha | Composite Reliability | Remark |
|---------------------------|------------------|-----------------------|----------|
| Employee Performance (EP) | 0.847 | 0.897 | Reliable |
| Job Satisfaction (JS) | 0.802 | 0.871 | Reliable |
| Transactional (TS) | 0.919 | 0.942 | Reliable |
| Transformational (TF) | 0.970 | 0.972 | Reliable |

Measurement Model

To test the hypothesis, a structural equation model (SEM) was used (Hair, Anderson, Tatham, & Black, 1998). Hypothesis test between variables or structural model result can be seen in the table. 5. The influence of both transformational and transactional leadership styles on employee performance through mediation of job satisfaction can be seen in the table. 6.

Table. 5 Structural Model Result

| | | T Statistics | P Values | Remark |
|-----------------|---|--------------|----------|---------------|
| H ₁ | Transformational → Employee Performance | 3,040 | 0,002 | Supported |
| H ₂ | Transactional → Employee Performance | 0,510 | 0,610 | Not supported |
| H _{3a} | Transformational → Job Satisfaction | 5,667 | 0,000 | Supported |
| H _{3b} | Transactional → Job Satisfaction | 0,728 | 0,467 | Not supported |
| H ₄ | Job Satisfaction → Employee Performance | 6,729 | 0,000 | Supported |



Table. 6 Effect of Mediation

| Pengaruh Mediasi | T Statistics | P Values |
|--|--------------|----------|
| Transactional → Job Satisfaction → Employee Performance | 0,7001 | 0,483 |
| Transformational → Job Satisfaction → Employee Performance | 4,172 | 0.000 |

Table. 7 Average Value Indicator

| Variable | Indicator | Average |
|----------------------|--------------------------|---------|
| Transformational | Intellectual Stimulation | 4,3 |
| | Idealized attributes | 4,2 |
| | Idealized Influence | 4,2 |
| | Individual Consideration | 4,2 |
| | Inspirational Motivation | 4,2 |
| Transactional | Contingent Reward | 3,7 |
| Job Satisfaction | Good Relationship | 4,3 |
| | Work Convenience | 4,0 |
| | Promotion | 3,8 |
| Employee Performance | Motivation | 4,5 |
| | Capability | 4,2 |

This study is based on determining whether Transactional or Transformational leadership styles can improve employee performance in the mining contractor industry in Indonesia. The results showed that hypothesis 1 (H₁) transformational leadership style has a significant effect on employee performance with a p value of 0.002 (<0.05) and a t value of 3.04 (> 1.96). This is in accordance with the literature that transformational leadership has an influence on improving employee performance (Knicki and Kreitner, 2014). Balthazard et al. (2009) stated that transformational leadership has a significant effect on team decision making which results in increased employee performance. According to Lievens et al. (2005), transformational leadership has a positive and significant effect on employee performance. The transformational leadership style that provides subordinate opportunities to express opinions, ideas and ideas in solving becomes the dominant factor chosen by the respondent, which is shown in the intellectual stimulation indicator value of 4.3. In addition, indicators of idealized attributes of a transformational leadership style such as superiors always provide confidence and support that all challenges and obstacles can be faced to their subordinates having the second largest value of 4.2. Furthermore, the transformational leadership style is also supported by respondents with other indicators such as idealized influenced, individual consideration, and inspirational motivation.

The transactional p value of 0.61 in hypothesis 2 (H₂) has no effect on employee performance because the p value of this variable is 0.61 (> 0.05) and the t value is 0.510 (<1.96). The transactional leadership style on the contingent reward indicator has a value of 3.7. According to Howell and Avolio (1993), transactional leadership (contingent reward, management by exception (active) and management by exception (passive) are negatively related to business unit performance. Transactional leadership styles such as superiors show the subordinates what they must do to obtain In return for their efforts, superiors make an agreement with the subordinates about what they receive when they do the job as expected, and superiors clearly state to the subordinates what they can get if their work reaches a standard, it has no indicator value that is stronger than the respondents compared to transformational leadership styles.

Transactional leadership style also has no effect on job satisfaction (H_{3b}) with its p value of 0.467 (> 0.05) and t of 0.728 (<1.96). The results of this study are not in line with the literature which states that transactional leadership provides high job satisfaction to employees (James and Ifeanyi, 2013). Whereas in the hypothesis test the transformational leadership style has a positive effect on job satisfaction (H_{3a}) with a p value of 0.000 (<0.05) and t of 5.667 (> 1.96). On the table. 7, Good relationship and work convenience have stronger values (4.3 & 4.0) than promotion (3.7) from respondents as indicators of variable job satisfaction.

In table 6, transactional leadership style has no influence on employee performance through mediation of job satisfaction. This is indicated by the p value of 0.483 (> 0.05) and t of 0.7 (<1.96). On the other hand, the transformational leadership style provides job satisfaction to employees and has an influence on employee performance with a p value of 0.000 (<0.05) and t 4.172 (> 1.96). This is also in accordance with the literature which states that there is a positive relationship between transformational leadership and employee job satisfaction on employee performance (Bushra et al, 2011).

7. Conclusion & Implication

In the mining contractor industry, the aspects of Health and Safety and the Environment are the main and most important things that must be maintained by every member of the organization starting from the lower level to support the goals of the organization. A leadership figure is needed who can bring members of the organization to work safely and comfortably with their best performance in achieving organizational goals. In this study, transactional leadership style does not have a direct influence or through the media job satisfaction with employee performance. Conversely, transformational leadership style is very influential on employee performance. Through job satisfaction mediation, transformational leadership styles have a stronger influence

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on employee performance. It can be concluded in this study that company leaders in the mining contractor industry are more suitable for leaders who always provide direction, support, trust, belief, influence and good examples to subordinates in solving problems and facing every challenge.

In the mining contractor industry, it is very necessary to consider the development of human resources towards strengthening from the aspect of leadership as cadres who carry on the vision of the organization. The development of human resource leadership in organizations in the mining contractor industry needs to be more focused on transformational leadership styles. This is very important in order to support the achievement of organizational goals with the best performance given by its employees.

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