

## **The Influences of Transformational Leaderships on Employees Performance (A Study of the Economics and Business Faculty Employee at University of Muhammadiyah Malang)**

**Kamel Saleh Khalifa Elgelal<sup>a\*</sup>  
Noermijati<sup>b</sup>**

<sup>a</sup>Higher Institute of Comprehensive Profession Libya; <sup>b</sup>Faculty of Economy and Business of Brawijaya, Malang, Indonesia

### **Abstract**

This study aims at investigating the effect of direct transformational leadership on employee motivation, jobs satisfaction, and employee performance. Then investigating the effect of direct employee satisfaction and motivation on employee job performance and employee's performance, and to know that job satisfaction gives direct influence on employee performance. Than in this study also investigates the influence of indirect transformational leadership on employee performance through employee motivation and job satisfaction. The research was conducted all employees at FEB UMM. The technique of data collecting used questionnaires with Likert scale, whereas the method of analysis used to answer the purposes of this study was Partial Least Square (PLS). The finding of this study reveals that transformational leadership gives positive and significant effect on employee motivation and employees' job satisfaction, but no significant effect found on employee performance. The finding also shows that employee motivation gives positive and significant effect on job satisfaction, but no significant effect on employee performance. Then, job satisfaction also shows positive and significant effect on employee performance. Then, transformational leadership has no significant effect on employee performance through employee motivation, so that employee motivation cannot mediate the effect of transformational leadership on employee performance. While transformational leadership has significant effect on employee performance through job satisfaction, so job satisfaction expressed can mediate the effect of transformational leadership on employee performance.

### **Keywords**

Transformational Leadership, Employee Motivation, Jobs Satisfaction, Employee Performance

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## Introduction

Business environment is changing radically as a result of major societal forces. Technological advances, globalization, deregulation, consumer awareness, and competition are not only leaching their toll on organizational performances but also creating new behaviours and challenges. Although many factors may influence the performance of an organization, there can be little doubt that the quality of leadership available will be one of the most critical determinants of the ultimate success. Transformational leadership plays a very important role in enhancing employee job satisfaction, work motivation and work performance. In recognition of this fact, tremendous efforts, with varying degrees of success, have been expanded to identify and develop the leadership requirements. Good transformational leadership accelerates performance of organizations. This is crucial for the organizational performance.

Considering that, the employee performance is an important organizational building block and the potential high performance factors are always available since every progress of depending collective effort involves all of the members of the organization. In fact, organizational performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000).

Consequently, an employee need to work more efficiently and effectively to increase the productivity and growth of the organization. Many employees in the workplace today seek a better understanding in the mind of a leader in an organization and are curious about the special traits, behaviours and styles that the leader exhibits at the workplace. In this case there is a correlation between the

way a leader in an organization leads and manages employees and the employee's performance.

Based on initial interviews with both leaders (managers) and followers (subordinates), researchers at the University of Michigan, led by Rensis Likert identified that in primary concern with the welfare of their subordinates, there are two basic forms of leader behaviour: job-centered and employee-centered. The first of which focuses on the effort in explaining subordinates work, work procedures, and subordinates performance. Whereas the latter focuses on developing a cohesive work group and ensuring that employees are satisfied with their leaders. The two styles of leader behaviour are presumed to be at the ends of a single continuum. Although this view suggests that leaders may be extremely job-centered, extremely employee-centered, or somewhere in between, Likert argues that employee-centered leader behaviour generally tends to be more effective (Mwita, 2000).

Tasks are important for the day-to-day survival of the organization, while developing people and teams are important for the long-range performance of the organization. Great leaders are both tasks and people oriented while poor leaders become fixated on one or the other. It is extremely important to balance the ability to get things done (tasks) by keeping the team together (people).

Many leadership theories have been proposed in the last fifty years, and are claimed to have influenced the overall effectiveness of the organizations where they have been employed. In the competitive world with technological changes within the business environment, it is vital that organizations employ leadership styles that enable organizations to survive in a dynamic environment (Bass, 1997).

This study believes that organizations that are over managed and under led inhibit organization from growth and change. It is also important that behaviours of leaders in an organization always have a stronger impact on the employee in several ways. However, employee's values, attitudes, and leadership styles play a very important role in enhancing employee performance, and these can be carefully adjusted to produce a strong impact on employee performance.

This study aims to examine the traits of transformational leaderships in relationship to employee performance as well as to give an overview on the general performances of individuals in an organization. Specifically, the study aims to investigating the effect of direct employee satisfaction and motivation on employee job performance and employee's performance, and to know if job satisfaction gives direct influence on employee performance. Than in this study also investigates the influence of indirect transformational leadership on employee performance through employee motivation and job satisfaction

Due to the basic objectives of research focusing on prevailing leadership styles and present employees performance, the outcome is expected to demonstrate and identify the problems of the wrong overall managerial responsibilities, as opposed to managerial, interactive knowledge for management arrangement at the Faculty of Economics and Business University of Muhammadiyah Malang, Indonesia and to suggest ways to improve the organizational productivity.

Education demands individual to work efficiently and effectively and to give good response in order to maintain quality and to be successful in the competition. In determining the success of an

organization, it cannot be separated from the role of human resources caused by the leadership. Human resources play a very important organization in the sphere of human reason is one of the driving wheels of the entire activities of the organization. With the changes in the organizational environment which is increasingly complex and competitive, especially in FEB UMM, the organization is required to be more responsive to survive, because for both planned and unplanned organizational changes planned or the most important aspect is the change in the individual. Changes in these individuals is not easy, but it must go through the process. The leader is regarded as a role model within the organization, so it is better if the changes start from the top level (leader) to the lowest level. For an organization, it requires a reformist leader who is able to become both the motor of change (transformation) in the organizational and transactional leader who can guarantee his employees physiological and safety needs by giving them appropriate compensation as the form of his appreciation for his employees working performance.

Based on the theory and empirical evidence, researchers use variables of transformational leadership, motivation, and job satisfaction are expected to provide an explanation of the effect on employee performance, which is expected to become effective accelerator for reaching the purpose, vision and mission of FEB UMM.

## **Review of Related Literature and Conceptual Model**

### **Literature**

Every organization leader in every organization performs certain roles/tasks for the smooth running of the organization

and improvement of organizational performance. The manner the leader performs these roles and directs the affairs of the organization is referred to as his/her transformational leadership. Transformational leadership therefore is the way a leader leads. The tasks of a leader is to formulate the objectives, establish structures, manage and motivate personnel and provide leadership (Daresh, 2002). However, asserts that providing leadership is a very essential component of a leader's role. In the transformational leadership, leaders choose to perform the above mentioned roles and they will determine whether they will accomplish the task at hand or they will make it as long-term organizational goals. Further, it will also be clear whether they will be able to achieve and maintain positive relationships with staff or not (Mazzarella and Smith 1989).

The purpose of reviewing literature on leadership is to have a better understanding of transformational leadership as a concept, to examine different transformational leadership to see its effectiveness and to see how each style affects the relationship among the employees in the organization. The interpretation of various leadership models suggests that no single leadership style is adequate to run an organization effectively. Rather, the combination of styles is effective if used appropriately as situations demand. More importantly, high performance should be the aim of any organization in any country globally. Even though there are other factors which influence leadership, the manager's behaviour is to some extent instrumental in enhancing the goal and objectives of the organization. In order to assess the effect of transformational leadership and employee performance, which is the focus of this study, it is logical to examine various leadership styles.

## **Transformational Leadership**

Leadership is a concept that is originally developed in folk psychology to explain social influence on groups (Calder, 1977). Many people believe that leadership is simply being the first, the biggest or the most powerful. Leadership in organizations has different and more meaningful definitions. Very simply put, a leader is interpreted as someone who sets direction in an effort and influences people to follow that direction. Leadership is the process by which a person exerts influence over people and inspires, motivates, and directs their activities to help achieve groups or organizational goals. Therefore leadership is the ability to influence a group towards the achievement of goals.

Transformational leadership is a process in which the leaders take actions to try to increase their associates' awareness of what is right and important, to raise their associates' motivational maturity, and to move their associates to go beyond the associates' own self-interests for the good of the group, the organization, or society. Such leaders provide their associates with a sense of purpose that goes beyond a simple exchange of rewards for effort provided. The transformational leaders are proactive in many different and unique ways. These leaders attempt to optimize development, not just performance. Development encompasses the maturation of ability, motivation, attitudes, and values. Such leaders want to elevate the maturity level of the needs of their associates (from security needs to needs for achievement and self-development). They convince their associates to strive for a higher level of achievement as well as higher levels of moral and ethical standards. Through the development of their associates, they optimize the development of their organization as well.

High performing associates build high performing organizations (Burns, 1978).

Transformational leadership involves the way or techniques someone uses in running a leadership. Motivation is encouraged to raise one's sense to work. To motivate employees, a leader should know the motives and the desired employee motivation. Working people have goals to meet the needs of both the needs and realization of the unconscious needs, material or non-material, physical or spiritual needs.

Khurram Zafar Awan, Ibn-E-Waleed Qureshi and Sadiya Arif (2012) show leadership has positive and significant effect on employee performance. Than the research of M.L. Voon, M.C. Lo, K.S. Ngui, N.B. Ayub (2011), Veronica Celattia Tandoh(2011), Abdikarin Sheikh Abdulahi Ali, Hussein Osman Elmi, and Ali Ibrahim Mohamed (2013), show transformational leadership has positive and significant effect on employee performance. They study also indicated that there was a statistically significant moderate positive relationship between transformational leadership and employee performance. The result of Voon (2011), show transformational which were found to have direct relationships with employees' job satisfaction.

Based on theory and previous findings, a hypothesis can be structured as follows:

- H1: There is an influence of transformational leadership to the employee motivation at the FEB UMM.
- H2: There is an influence of transformational leadership to the employee performance at the FEB UMM.

- H3: There is an influence of the transformational leadership to the job satisfaction of employees at the FEB UMM.

## Employee Motivation

The motivation is the change in energy in a person that is marked by the emergence of "feeling" and preceded by a response to any destination. Duncan was a master of administration, in his book "Organization Behaviour", suggests that in the concept of management, motivation means any ventures that affects a person's behaviour to be realized in order to improve his ability to his full potential to achieve the objectives of the organization. Motivation refers to a process affecting the choices of the individual against the various forms of the desired activity (Vroom, 1988). According to some opinions it is concluded that the driving motivation is for the deeds of a person or a motive and why someone does something. Motivation is also concerned on why someone does so and what is that purpose to do so.

High motivation in employees is the capital for an enterprise to be able to realize a higher job satisfaction which is certainly the hope to be achieved by the company. The company can choose how to motivate employees properly and in accordance with the situation and condition of the company.

Employee is the principals who are able to achieve the goal. To develop positive behaviours in leading the company, an employee should accomplish company's objective and thus it will create good motivation for both internal and external motivation. Motivation is encouragement, effort and desire existing in a person who will lead behaviour to do duty or a good job, while satisfaction is attitudes



that indicate the presence of conformity between hope and the results obtained.

Motivation is a passion in the person who causes the person does the action. A person often performs actions to achieve the purpose of a thing. The motivation questions how to encourage work to subordinate so that they want to work hard to give you all the skills and capabilities to realize the objectives of the company. The motivation of someone starts from the needs, wishes and encouragement to act in order to achieve the needs or purpose. This indicates how powerful the impetus, effort, intensity, and her willingness to make sacrifices for the sake of achievement of business objectives. In this case the stronger impetus or motivation, the higher is the performance.

Yasemin Oraman (2011), Elisabeth A. Sorentino (1992), said in their research that employee motivation has positively and significantly related in increasing job satisfaction. Than the result of research of Ayub (2011), Salleh (2011), Elisabeth A. Sorentino (1992), motivation and job performance is positively related. The motivation has positive effect on employee performance.

Based on theory and previous findings, a hypothesis can be structured as follows:

- H4: There is an influence of employee motivation on employee job satisfaction at the FEB UMM.
- H5: There is an influence of employee motivation on employees' performance at the FEB UMM.

### **Job Satisfaction**

Job satisfaction is a concept about the activities carried out to achieve the results that come from outside yourself.

Behaviour that is motivated by extrinsic not behaviour inherent in the individual, so it needs to get a boost from the outside. Behaviour that is motivated by extrinsic is not a behaviour inherent in the individual so it needs to get encouragement from the outside. The main reason people behave is they feel valued by others who are close to him. Intrinsic factors include security status, relationship with a colleague, working conditions, relationships with supervisors, and administrative wisdom of the company.

Job satisfaction is something given to employees with the vacation and matter considered which can relieve the boredom work in progress. For the benefit of this research there are two motivation factors, intrinsic motivation factors at work, as the womb work (job content) encouragement of an individual feel when the individual does the job, covering achievement, confessions, responsibility, growth and development of this work alone. And the extrinsic motivation relates to the environment from outside the work covering working salary condition, relations with fellow workers and supervisor, and wisdom organization.

Employee job satisfaction due to the employee's performance will increase as employees feel cared for by company so there's influence among the employees with the company i.e., employees will get job satisfaction and the company will get high performance from its officers. This is in accordance with the opinion of the Robbins (2001) stating that "Job performance is the level of efficiency and effectiveness as well as innovations in the achievement of the objectives by the management and the divisions that exist in the organization. Performance is said to be good and successful if the desired goals can be achieved with good

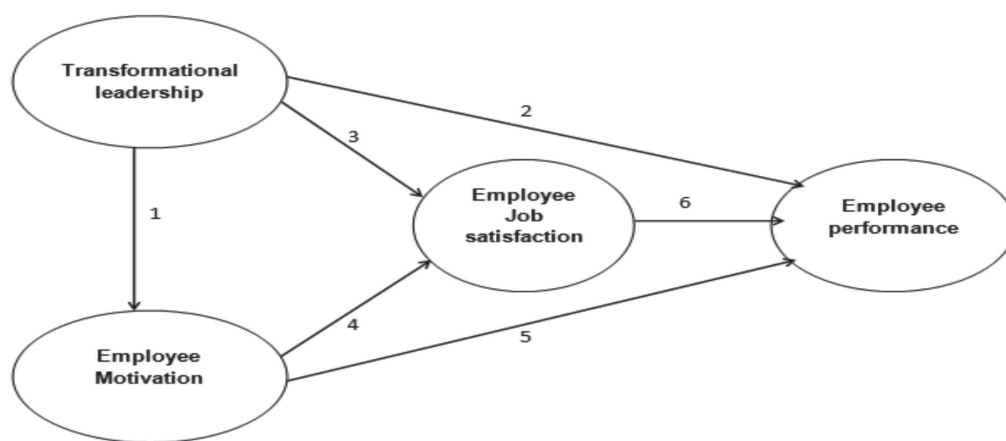
performance, which is also viewed as a function of the interaction between ability, motivation, and opportunity, so that the person's performance is affected by job satisfaction".

Robbins (2001) and Hussin (2011) showed there is a positive relationship between job satisfaction on the job performance. Job satisfaction can increasing employee performance within the organization.

Based on theory and previous findings, a hypothesis can be structured as follows:

H6: There is an influence of employee job satisfaction on employee performance at the Faculty of Economics and Business of University of Muhammadiyah Malang.

Based on the explanation above, this study is regarded as important to conduct. The concept of this study can be seen in the Figure 1.



**Figure 1. The Concept of Study**

## Methodology

The research design of this study is using explanatory research. Primary data collection was carried out by distributing the questionnaire, then interviewing the respondent. This study will be conducted on all employees of FEB UMM. This study uses a data measurement Likert scale; scale ranges used are the numbers 1 through 5. Figure 1 indicates "strongly disagree/good", the number 2 indicates "disagree/good", the number 3 shows the "neutral", the number 4 shows the "agree / good", and the number 5 indicates "strongly agree/good". (Cooper & Emory, 1995). Data analysis methods used in this study

is the description and analysis of the inferential statistical Partial Least Square (PLS).

## Result and Analysis

Hypothesis testing and direct path coefficients between transformational leadership, employee motivation, and job motivation on employee performance in FEB UMM can be seen from the path diagram of the estimation results of analysis of Partial Least Square (PLS). Exogenous variables have a significant effect on endogenous variables if the value of t-statistics is greater than 1.96 ( $\alpha = 5\%$ ); s (significant); ns (non significant).



**Figure 2. Diagram of Direct Path and Hypothesis Testing**

First hypothesis stated the influence of transformational leaderships on employee motivation, values obtained from path coefficient between transformational leaderships on employee motivation is 0.645. This means that transformational leadership has a positive effect on employee motivation. It means that stronger transformational leaderships tend to improve employee motivation. Then values obtained from t statistics between transformational leaderships on employee motivation is 13.622 (t statistics value > 1.96). This means that the transformational leaderships directly give positive and significant effect on employee motivation.

Second hypothesis which states influence the behaviour of the employees performance leadership describes that values obtained from path coefficient between transformational leaderships of the employees performance is 0.044. This means that transformational leadership has a positive effect on the employees' performance, in which stronger transformational leaderships tend to improve employees performance. Then values obtained from t statistics between transformational leaderships of the employees performance is 0.566 (t

statistics value > 1.96). This means that the transformational leaderships directly give no significant effect on employees' performance.

Third hypothesis stated the influence of transformational leaderships on the job satisfaction. The value obtained path coefficient between transformational leaderships towards job satisfaction is 0.354. This means that transformational leadership has a positive effect on job satisfaction, in which stronger transformational leaderships tend to improve job satisfaction. Then the value obtained t statistics between transformational leaderships towards job satisfaction is 5.535 (t statistics value > 1.96). This means that the transformational leaderships directly give significant effect on job satisfaction.

Fourth Hypothesis indicates the effect of motivation on employee job satisfaction. The value obtain path coefficient between employee motivation towards job satisfaction is 0.651. This means that the employee motivation has a significant positive effect on job satisfaction in which increased employee motivation then tends to improve job satisfaction. Then the



value obtain t statistics between employee motivation towards job satisfaction is 10.743 (t statistics value > 1.96). This means that employee motivation give directly significant effect on job satisfaction.

Fifth hypothesis states influence on employee motivation to employees performance. The value of path coefficient between employees motivation to employees' performance is 0.131. This means that employee motivation has a positive effect on the employees' performance, which increased employee motivation, then it tends to improve employees performance. Then the value of t statistics between employee motivation to employees performance is 1.013 (t statistics value > 1.96). This means that employee motivation directly gives no significant effect on employees' performance.

Sixth hypothesis states the effect of job satisfaction to employees' performance. The value of path coefficient between job satisfaction of the employees' performance is 0.693. This means that job satisfaction has a positive effect on the employee performance, which increased job satisfaction then tend to improve employees performance. Then the value of t statistics between job satisfaction of the employees performance is 3.913 (t statistics value > 1.96). This means that job satisfaction is directly significant effect on employees' performance.

Seventh hypothesis states influence transformational leadership towards employees' performance through employee motivation. The value of path coefficient relationship between transformational leadership towards employees' performance through employee

motivation is 0.084. It is stated that the transformational leadership has a positive effect on the employees' performance through employee motivation. This means that the stronger the transformational leaderships, it tends to improve employee motivation and thus increase employees performance. Then the value of t statistics relationship between transformational leadership towards employees' performance through employee motivation is 1.002 (t statistics value > 1.96). This suggests that transformational leadership does not significantly influence the employee performance through employee motivation. Therefore, employee motivation can be declared null and transformational leaderships mediate the effect on employee performance.

Eighth hypothesis states influence transformational leadership towards employees' performance through job satisfaction. The value of path coefficient relationship between transformational leadership towards employees' performance through job satisfaction is 0.245. It is stated that the transformational leaderships give positive and significant effect on employees' performance through job satisfaction. This means that stronger the transformational leaderships that tend to improve job satisfaction which leads to the increase of employees performance. Then the value of t statistics relationship between transformational leadership towards employees' performance through job satisfaction is 3.161 (t statistics value > 1.96). This suggests that the transformational leaderships significant effect on employees performance through job satisfaction. Therefore, job satisfaction expressed may mediate the effect of transformational leaderships on employee performance.

## Discussion

The results of the analysis concluded that the transformational leadership have a significant positive effect on employee motivation, in which stronger transformational leaderships tends to improve employee motivation. The hypothesis formulated in this study shows that the results are consistent with previous studies proposed by Khurram Zafar Awan, Ibn-E-Waleed Qureshi and Sadiya Arif (2012); Amin Wahyudi and Jarot Suryono's (2006). Several studies have also examined the relationship between the two factors and concurred that leadership has significant impacts on job satisfaction and employee motivation (Lok & Crawford, 1999, 2001; William & Hazer, 1986; Mosadegh Rad & Yarmohammadian, 2006). High job satisfaction enhances employees' psychological and physical well being (Ilardi, Leone, Kansser, & Ryan, 1983) and positively affects motivation (Vroom, 1964; Porac, Ferris, & Fedor, 1983).

The results of the analysis concludes that the transformational leaderships has no significant positive effect on the employees performance, in which the stronger transformational leaderships that tend to improve employees performance. The hypothesis formulated in this study shows that the results are consistent with previous studies as proposed by Abdikarin Sheikh Abdulahi Ali, Hussein Osman Elmi, and Ali Ibrahim Mohamed (2013). The findings of prior studies about the role of leadership in increasing organizational performance are mixed. Some studies (e.g. Finkelstein & Hambrick, 1996; Katz & Kahn, 1978; Peterson, Smith, Martorana, & Owens 2003) suggest that the role of transformational leadership is critically important for an organization to achieve a high level of employee performance.

However, some other studies (e.g. Pfeffer 1977; Meindl, Ehrlich & Dukerich 1985) suggest that role of leadership is not so important in achieving the organizational performance. Employee perceptions of transformational leadership tend to be good, but there were some respondents who perform good working performance so that they become employees feel to the trainers in the companies.

The consideration variable makes employees sometimes feel that there is discrimination that leaders can't consider their ability of employees to get the job done, probably during this leadership subjectively choose the delegates for its employees. Then the act of the reward given to the deserved employees. The honour consideration should also be taken into account as the leader needs to show honourable behaviour to the employees so they will not lack of respect for their leader. However, the employee performance tends to be good, although there might be dissatisfaction found. Moreover, there are more male employees than the females' ones. The ages of the employees are relatively young so that those who work less than a year might not feel that transformational have not been able to improve their performance. They feel the lack of intellectual stimulation. The leader needs to fully understand the needs of employees by giving them support, awards, recognition for employees who are active and perform better achievement. A leader who often does not involve the employees to bring / carry out the mission of the organization sometimes meet the reality that the employee might feeless enthusiastic in the work resulting in employee less performance. This causes no significant transformational leadership on employee performance. Employees are the most important asset in the organizations. To be more effective in

all situations, leaders need to learn more about human behaviour, and how their attitudes and behaviour impact employee performance. Leaders at all levels through their actions and attitudes can create the environment which induces motivation in employees.

The results of the analysis concludes that the transformational leadership has a significant positive effect on job satisfaction, in which stronger transformational leaderships that tend to improve job satisfaction. The hypothesis formulated in this study shows that the results are consistent with previous studies as proposed by Voon (2011). According to Mosadegh Rad and Yarmohammadian (2006), employee job satisfaction refers to the attitude of employees towards their jobs and the organization which employs them. The researchers pointed out that job satisfaction is influenced by many organizational contextual factors, ranging from salaries, job autonomy, job security, workplace flexibility, to leadership. In particular, leaders within organizations can adopt appropriate leadership styles to affect employee job satisfaction, commitment and productivity. Previous studies have examined the relationship between employee job satisfaction and transformational leadership in various settings such as healthcare, military, education and business organizations (Cook, Wall, Hepworth, & Warr, 1989; Bass, 1990; Chen & Silverthorne, 2005). These studies generally indicate that employee job satisfaction in the public sector is just as important as it is in the private sector. There are many factors influencing the employee which range from salaries and independence of work, job security, and flexibility in the workplace, and leadership. In particular, the leaders of the organizations can adopt appropriate leadership styles to affect

the function of employee satisfaction, commitment and productivity. This is what the results of the study show that the university did not neglect this aspect and the results were satisfactory through the study sample.

The results of the analysis conclude that the employee motivation has a significant positive effect on job satisfaction in which increased employee motivation tends to improve job satisfaction. The hypothesis formulated in this study shows that the results are consistent with previous studies proposed by Yasemin Oraman (2011); Jenster (2009); Patel and Cardon (2010); Lise m. Saari and Timothy A. Judge (2004). Beside that, Lise m. Saari and Timothy A. Judge (2004) also conducted the research to discover the effects of employee attitudes and job satisfaction on organizational measures, such as customer satisfaction and financial measures. Greater insights on the relationship between employee attitudes and business performance will assist HR professionals as they strive to enhance the essential people side of the business in a highly competitive, global arena. Garrido et al. (2005) conducted the research to discover the factors that determine the job satisfaction of sales managers. The effect of HRM practices is analyzed by using the model which was already employed by an empirical study on Spanish educational firms. The study concludes that human resource management practices based on compensation type, compensation level and job design in terms of autonomy and resources are the essential determinants of sales managers' job satisfaction. Patel and Cardon (2010) also suggested that having a group culture is a key factor in the extent to which transformational leadership is adopted, as well as how effective adopting HRM practices are for increasing labour productivity and job satisfaction.

Furthermore, Gogoi (2005) found that the importance of work spiritually is consistently growing as the spiritual cause leads to strategic benefits to the business unit and due to the significant contribution of team work spiritually. Through the study and answer their questions clear that the university study sample trace in the style of motivation and job satisfaction through promotions - intrinsic motivation and job satisfaction and this effect a positive impact in the performance of work allowing the university of strong competition in performance and enable it to open new relations for the university at Inside and outside using the ability of employees.

The results of the analysis conclude that the employee motivation has no significant positive effect on the employees' performance, which increased employee motivation, then tend to improve employees performance. The hypothesis formulated in this study shows that the results are consistent with previous studies as proposed by Ayub (2011); Salleh (2011). Employee motivation tends to be quite good, though there are few who declare good. This is due to the employees' lack of motivation so that its performance is not good. During this time, employees feel that the salary they get is less feasible to meet the needs of the economy and the health of their families. Then at FEB UMM also no employee safety program. Then employees feel less motivated because there is no award for employee performance, and also a rare opportunity for employees to develop a career. However, the performance of the employees tend to be quite good, although there are not satisfactory. Employees of FEB UMM many unmarried and have experience of less than one year. Therefore, employees need basic needs such as salaries according to their

work, then the employee also takes the opportunity to exchange thoughts with colleagues, the opportunity to discuss problems, communicate in completing a task or work with leaders who have been employees feel not get it. This causes no significant employee motivation on employee performance.

The results of the analysis concludes that the job satisfaction has positive and significant effect on the employee performance, which increased job satisfaction then tend to improve employees performance. The hypothesis formulated in this study shows that the results are consistent with previous studies as proposed by Hussin (2011). On the other hands, Job dissatisfaction prompts turnover cognitions and the desire to escape the job environment (Hulin, 1991; Mobley, 1977; Porter & Steers, 1973). However, commitment to company values and goals can reduce thoughts of withdrawal (Mowday, Porter, & Steers, 1982). Commitment scholars also contend that commitment should predict turnover more accurately than job satisfaction because resignation implies rejection of the company, rather than the job (Hom & Hulin, 1981). Considering these theoretical rationales, contemporary turnover models include both satisfaction and commitment as affective states in initiating the turnover process. Indeed, recent models of turnover recognize the independent effects of job satisfaction and organizational commitment on turnover intentions (Hom & Griffeth, 1991). Many researchers have examined the effects of employee attitudes on withdrawal behaviours such as absenteeism, turnover intentions, and turnover. Consistent evidence has been found linking job dissatisfaction to turnover (e.g. Hulin, Roznowski, & Hachiya, 1985) and a number of reviews found consistent negative relationships



between organizational commitment and both intention to leave and actual turnover (Allen & Meyer, 1996; Mathieu & Zajac, 1990; Tett & Meyer, 1993). By answering the questions, it shows that job satisfaction in the study sample from university has the effect of increasing the performance of employee. It seems that the employees follow the university style by practicing democratic leadership that enables employees to create more creativity and innovation and glittering in their work and the study also found that lack of the boredom at the workplace will lead employees to be which can stimulate to increase production capacity in performance.

The results of the analysis concludes that the transformational leadership has no significant positive effect on the employees' performance through employee motivation. This means that stronger transformational leaderships tend to improve employee motivation and thus the increase in employees performance. Therefore, employee motivation can be declared null and transformational leaderships mediate the effect on employee performance. The hypothesis formulated in this study shows that the results are not consistent with previous studies as proposed by Khurram Zafar Awan, Ibn-E-Waleed Qureshi and Sadiya Arif (2012). It was also noted that despite the wide use of the Situational Leadership Model (SLM) by Hersey and Blanchard (1977), most studies have been critical to the theory. In fact, some studies have shown a lower job performance by followers of the leaders utilizing the SLM. Bass, Avolio, Jung and Berson (2003) reported previous research has shown transactional contingent reward style of leadership to be positively related to followers' commitment, satisfaction, and performance. In contrast, the transactional management-by-exception

style of leadership is associated with the negative aspects of transformational leadership. While there are positive aspects of the transactional theory, it has shown to have inherent weaknesses. Additionally, the theory maybe deficient in the long-term in that it does not readily avail itself to allow for changes which are increasingly important in today's climate. Densten (1999) asserts that to meet the demands of modern organizations, especially criminal justice agencies, the managers must implement more humanistic style and apply principle-based styles of leadership. To respond to these demands, the researcher believes that there is a need for the law enforcement managers to apply transformational leadership to their agencies. The traditional style of management resting upon strict managerial rules needs to be transformed by a new process based on diverse skills, interests, and attitudes. This form of transformational leadership can be a valuable tool to help reforming management within police agencies. With a better understanding of the needs and aspirations of police employees, transformational leadership can turn traditional police managers into effective and valuable leaders. Such a change can make chief of police to be more competent and uses better approach too handle complex problems in rapidly changing growing society. As a result of global technological and social alteration, specific transformational leadership becomes necessary for both private and public agencies, particularly for those in paramilitary structures, such as police agencies, because interactions between supervisors and subordinates are more crucial than ever (Ozmen, 2009). Bono and Judge (2003) concluded that transformational leaders could influence how followers perceive their work activities



and that these perceptions resulted in an increase in the followers' job satisfaction, commitment, and performance. Whether called active, street sergeants, etc., strong indications are that transformational leaders affect their subordinates' behaviour and effectiveness more (Johnson, 2006). The Transformational leadership is very important in the work environment because of its important role in motivating employees. That is what should be followed by the university in which the leader plays a role as a mediator in the work by raising the pressures of work and ease the problem faced by the employee by facilitating their mission to accomplish the simplest and easiest way of solution. This kind of environment will lead to good working environment which later makes the employee love their job. The leadership at the university seem to follow a policy of democratic style of them to complete the tasks, but it has neglected the role of mediator in this aspect than negative impact on the outcome of the study. The results of the analysis concluded that the transformational leaderships have positive and significant effect on employees' performance through job satisfaction. This means that stronger transformational leaderships tend to improve job satisfaction which leads to the increase in employee performance. Therefore, job satisfaction expressed may mediate the effect of transformational leaderships on employee performance. Supporting this result Howell and Avolio, (1993); Politis, (2002) stated that transformational leadership can increase employees' performance through Job Satisfaction. Transformational leadership affects employees' satisfaction and organizational commitment (Hatter and Bass, 1990; Koh, Steers and Terborg, 1995; Barling et al., 1996). A study by Dladha (2011) found that leaders' behaviour

positively affects empowerment, organizational commitment, and job satisfaction. Job satisfaction will be achieved when there is suitability between expectations and reality in work places. Some of the indicators making employees feel unsatisfied with their job are (1) a thought that their job is boring, (2) unsuitable payment, and (3) unsupportive colleagues. In contrast to result of the research, Engel (2008) concedes none of the four supervisory styles indentified in her research should be considered as the ideal standard for leadership to increase employee performance. It should be noted the three of Engel's styles identified in her research are transactional and one is transformational. There are pros and cons associated with each style. The appropriate style of leadership for departments would differ depending on the agency's organizational goals (Engel, 2001). This assessment is supported by Conger (2004) who argued that transformational leadership is a principally normative model, which takes a single approach to prate leadership across levels but it does not consider the situational contingencies (as cited by Chan, 2005). The study by Bass, Avolio, Jung, and Berson (2003) of 72 U.S. on Army platoon' performance in near-combat conditions illustrated the platoon leaders' transformational and transactional leadership which had positive and direct relationships with platoon performance. The Transformational leadership at work is important for employees' performance while good work environment can be assessed by employees' satisfaction shown in the work place. The information provided by sample of this research in University of Muhammadiyah Malang clearly shows satisfaction and measure the level of performance of the employee, > In addition, it was also found the degree of job satisfaction among employees and

this may be the method adopted in the administrative leadership by spreading the spirit of cooperation between the employees and administrative leadership at the university.

## Research Implication

### Theoretical Implications

The theoretical implications of the findings in this study imply that transformational leadership has a significant positive effect on employee motivation. It is in accordance with previous findings that have been made by Khurram Zafar Awan, Ibn-E-WaleedArif Qureshi and Sadiya (2012). Other theoretical implications also confirm the findings of previous studies performed by Ali (2013) stating that transformational leaderships has no significant positive effect on the employees performance. Later in this study, it has also found that transformational leadership has a significant positive effect on job satisfaction, as proposed by Voon (2011) and Mosadegh Rad and Yarmohammadian (2006). Furthermore, employee motivation has positive but no significant effect on the employees' performance. This finding was consistent with the findings of Job (2011) and Ayobami (2001). On the other hand, this study resulted in the finding that employee motivation has a significant positive effect on job satisfaction, as in research Yasemin Oraman (2011) and Jenster (2009). Further, the job satisfaction has a positive and significant effect on the employee performance, as noted by Hussin (2011). Then transformational leadership has a positive effect but no significant on the employees performance through employee motivation, as noted by Khurram Zafar Awan, Ibn-E-WaleedArif Qureshi and Sadiya (2012). In addition, this study has found that transformational leaderships give positive and significant

effect on employees performance through job satisfaction and this result is consistent with the research conducted by Howell and Avolio (1993) and Politis (2002).

### Practical Implications

The findings in this study also has its practical implications stating that transformational leadership, motivation, job satisfaction and employee performance are at a good level. Transformational leadership is able to affect the performance of an employee either directly or indirectly through motivation and job satisfaction. This means that improving employee performance will be effective if the leadership of implementing transformational leadership includes the activity of developing new ideas to facilitate the completion of work for employees. The leader should consider the ability of employees to get the job done, encourage employees to be able to complete problems carefully, act creatively, get the achievement, and become the trainers for employees, involves employees to integrate / implement the organization's mission, honoured by the employee, and trust by employees. Employee performance is not only done by increasing transformational leadership, but also through increasing motivation, such as the provision of appropriate salaries and benefits, health insurance for the family and security guarantee. A leader should also give support to his co-workers in the forms of appreciation, reward, and self actualization. Increased job satisfaction is also very important to improve the performance of employees. Leaders who apply transformational leadership is further supported by the presence of the job satisfaction of employees, payments (salaries and benefits), and promotion satisfaction in terms of promotion satisfaction with leadership performance,

and satisfaction with co-workers, will automatically improve their performance.

Thus, the results of this study can provide practical implication that in order to improve employee performance evaluation and implementation of the necessary transformational leadership, increasing employee motivation and increasing job satisfaction are very important. Thus, if it is carried on, it will improve employee performance of staff at FEB UMM.

### Research Limitation

This study does not focus on permanent employees at FEB UMM, or include internal. Internal staff should not have to be included in this study because it will cause the results of this study to have high diversity.

This study has too many questions that are similar in measuring variables of transformational leadership, motivation, job satisfaction, and employee performance. Therefore, there is a bias for respondents in answering the questions in the questionnaire. Thus, respondents are not serious in answering question.

In this study, it is found out that transformational leadership and motivation influence only employee performance. There are several variables which affect the performance of the employee. They are work engagement, emotional intelligence, psychological well-being, organizational culture, organizational commitment, entrepreneurial orientation, and so on. Therefore, to optimize the performance of employees at FEB UMM, these variables can also be used.

The study was limited to the influence of leadership, motivation, and satisfaction on employees' performance. Therefore, this study could be further developed with the involvement of employee loyalty

variables into variables that mediate the influence of leadership, motivation, and satisfaction with the performance of the employee.

### Conclusion

'Intellectual Stimulation' is the dominant indicator measuring transformational leadership. Leaders, who encourage employees, should be able to complete problems carefully, and then encourage employees to act creatively. In addition, leaders should also be able to develop new ideas to facilitate the completion of work for employees and give rewards to the employees who have completed the job. In other words, leaders should be able to give positive and significant impact on employee performance.

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it is concluded that transformational leadership significantly affects employee jobs satisfaction.

‘Egoism need’ serves as the most dominant indicator to measure employee motivation. Employees will be motivated when they get recognition from the job place. They will work optimally to get an appreciation for the achievements they have achieved from the leader. Need egoism indicator of employee motivation is able to bring positive and significant impact on jobs satisfaction.

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‘Promotion’ Indicator is declared as an indicator that measures the jobs satisfaction. Employees express their satisfaction toward their work if they are given promotional opportunities to improve their ability and achievement. Promotion Indicator can give positive and significant impact on employee performance. Then job satisfaction proved to mediate the effect of transformational leadership on employees’ performance.

### Notes on Contributors

**Kamel Saleh Khalifa Elgelal** is a Lecturer in Higher Institute of Comprehensive Profession Libya. He has graduated from Master of Management at Faculty of Economics and Business, University of Brawijaya.

**Noermijati** is a Senior Lecturer in Management Department Faculty of Economics and Business, University of Brawijaya, Indonesia. Her research interests are Human Resource Management (HRM), Flexibility Management, Strategic Management, Marketing Management.

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