

Original Article

# The Influence of Transformational Leadership Styles and Compensation on Employee Performance Mediated by Job Satisfaction

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**Abstract** - Human resources have a major role in achieving the main duties and functions of the National Unity and Political The main duties and functions of the National Unity and Political effectively. Although supported by infrastructure and pooled funding sources, without the support of reliable human resource activities of the National Unity and Political, not be resolved properly. This suggests that human resources are the key issues that have to be considered with all their needs. The basic aim of the research was to determine the effect of direct and indirect compensation between transformational leadership and job satisfaction and employee performance, the National Unity and Political Malang. This study is classified as quantitative research with a survey research design. The population in the study were employees of the National Unity and Political Malang with a sample of 30 respondents. Based on the study design, the data were analyzed with path analysis. Based on the analysis of the data found that transformational leadership style and the compensation effect on job satisfaction and employee performance. Effect of job satisfaction on employee performance. Job satisfaction mediates the effect of transformational leadership style on employee performance and compensation.

**Keywords** - Transformational Leadership, Compensation, Job Satisfaction, Employee Performance.

## I. INTRODUCTION

Malang Regency Political and National Unity Agency is a sub-system / Regional Apparatus Work Unit in Malang Regency Government with the legal basis of Malang Regency Regulation No. 1 of 2008 concerning Regional Apparatus Organization, which is followed up with Malang Regent Regulation No. 27 of 2008 concerning the Organization of the Regional Apparatus of the National Unity and Politics Agency, which has the main task position and function to carry out regional government affairs in the preparation and implementation of regional policies in the field of national and political unity. The National Unity and Political Body of Malang Regency is a

sub-system / Regional Work Unit within the Malang Regency Government based on the legal basis of Malang Regency Regional Regulation No.1 of 2008 concerning Regional Apparatus Organization, which is followed up by Malang Regent Regulation No. 27 of 2008 concerning the Regional Organization of the National Unity and Political Body, which has the main duties and functions of carrying out regional government affairs in the formulation and implementation of regional policies in the field of national and political unity.

The main duties and functions of the National Unity and Political Body are to carry out regional government affairs in the formulation and implementation of regional policies in the field of national and political unity as well as carrying out other tasks assigned by the Regent following his field of duty. Meanwhile, the functions of the National Unity and Political Body include administering government affairs and public services in the field of national and political unity; Coordinating, integrating and synchronizing activities in the field of national and political unity within the Regional Government; Implementation of minimum service standards in the field of national and political unity; and fostering and implementing cooperation with the community, government agencies and other institutions. The achievement of the main tasks and functions of the National Unity and Political Body can be caused by various things, one of which is the performance of employees. Performance is defined as the result of a person's efforts that he has achieved with the abilities he has under certain conditions. Thus performance is the result of the relationship between effort, ability, and the perception of the task that has been assigned (Timpe, 2002: 9). Performance can be identified and measured if an individual or group of employees has criteria or benchmarks of success set by the organization. Therefore, if there are no goals and targets set in the measurement, the performance of a person or organizational performance is impossible to know if there is no measure of success (Moehariono, 2009: 61).



Various ways will be taken by organizations in improving employee performance to achieve predetermined goals, including the role of transformational leadership. Transformational leaders evaluate the ability and potential of each subordinate to carry out a task/job, as well as see the possibility to expand the responsibility and authority of subordinates in the future. Humphreys (2002) asserts that the relationship between superiors and subordinates in the context of transformational leadership is more than just a "commodity" exchange (economic exchange of rewards) but has touched a value system. Transformational leaders can unite all subordinates and can change the beliefs, attitudes, and personal goals of each subordinate to achieve goals, even beyond the stated goals. Purvanova et al. (2006) show that the transformational leadership style always promotes Change in the organization so leaders need encouragement and support and cooperation from members to make these changes, which will ultimately have an impact on organizational performance. Lo and Run (2010) show that transformational leadership will be able to motivate subordinates to do work as expected. Bycio et al. (1995) showed a strong positive relationship between transformational leadership variables and work effectiveness. Griffith (2004) shows that transformational leadership is directly related to employee job satisfaction and even with performance. Likewise, Senewe (2013) shows that transformational leadership has a significant effect on employee performance.

Individuals, as members of the organization, will have a good performance if they have positive attitudes and behaviours. That is, by realizing that he is not only a member but also understands the goals and values of the organization, of course, the individual will be able to understand the goals and policies of the organization, which in the end can act and work fully for organizational success. Therefore, to achieve employee performance, fair compensation is required. According to Handoko (2003), compensation can be used as a way to improve employee performance. Employees who are overwhelmed with dissatisfaction with the compensation received will hurt the organization, and if the dissatisfaction is not resolved, it is only natural that members of the organization express a desire to obtain the compensation that is not only greater than the amount it will be. But fairer. Compensation plays an important role in improving employee performance; one of the main reasons a person works is to make ends meet. Someone will work optimally to get the appropriate compensation. Widyatmini and Lukman Hakim (2008) and Yuniari and Waisnawini (2009), in their study, found evidence that compensation has a significant effect on employee performance. Different results shown by Dwipasari (2008) found evidence that compensation does not affect employee performance as well. Riyadi (2011) concludes that financial compensation does not affect employee performance.

Efforts to compensate and implement transformational leadership so that employee performance increases are not

easy because humans have different behaviours from one another in obtaining job satisfaction. This is because job satisfaction is a dream for every individual who has worked. Each employee has a different level of satisfaction according to the values they hold. The more aspects of work that match the desires and needs of the employee, the higher the satisfaction that is felt. On the contrary, the more aspects of the job that are not following the wishes and needs of employees/employees, it will lead to job dissatisfaction in employees. Meanwhile, for organizations, job satisfaction is very important because one of the symptoms of an unstable organization is a low level of job satisfaction, which results in work strikes, absenteeism, high employee turnover rates, and a decrease in work productivity. This symptom may be part of an employee complaint. Conversely, high job satisfaction is a sign of a well-managed organization (Davis and Newstrom, 1996). Transformational leaders can inspire, motivate, and satisfy followers to achieve results that are greater than planned. Griffith (2004) shows that transformational leadership is directly related to employee job satisfaction. Bushra et al. (2011) show that transformational leadership can increase job satisfaction.

In addition to transformational leadership, compensation received by employees can provide job satisfaction. This is because the problem of compensation will be related to the ability of employees to meet all their daily needs. Also, the issue of compensation indicates the company or organization's policy in treating its employees fairly. A good company or organization is a company that can provide "rewards" following the number of contributions contributed by employees to the company. Satisfaction with the fairness of compensation received from employees is a major element in creating job satisfaction. This means that the more satisfied an employee is with the fairness of compensation he receives, the more satisfied the employee will be with his job. Dissatisfaction with the fairness of compensation will result in a decrease in the attractiveness of work, and this indirectly will more or less interfere with employee performance. This condition is certainly not expected by all parties (Suhartini, 1999).

Research Babakus et al. (1996), Karel (2005), Dwipasari (2008) succeeded in proving that compensation will ultimately lead to the emergence of satisfaction. This is possible because compensation will result in motivation in employees. Furthermore, this motivation will result in employee job satisfaction. Compensation is one aspect that should be paid attention to by companies or organizations. The amount of compensation received by workers is a significant and complex multivariable factor in job satisfaction. With the compensation following the work performance of employees, it is expected that employees will feel satisfied so that they will increase their productivity for the success and progress of the organization. By looking at existing phenomena and previous empirical studies, ideally, transformational leadership and compensation can increase job satisfaction,

which has an impact on improving employee performance. This raises interest for researchers to raise problems about the factors that affect employee performance, especially in terms of transformational leadership, compensation, and job satisfaction at the National Unity and Politics Agency of Malang Regency.

## **II. LITERATUR REVIEW**

### **A. Transformational Leadership**

Yukl (2009: 295) explains that in Maslow's hierarchy of needs, transformational leaders move the needs of followers at a higher level. Followers are elevated from their "everyday selves" to their "better selves." Yukl (2009: 297), the extent to which a leader is called transformational, is mainly measured about the effect of this leadership on followers. Followers of transformational leaders feel trust, admiration, loyalty, and respect for the leader and feel motivated to take action for the benefit of the organization. The leader transforms and motivates followers by: (1) making subordinates more aware of the importance of job results, (2) Encouraging subordinates to prioritize the organization or team rather than self-interest.

### **B. Compensation**

One of the functions of human resource management is to find a compensation system for employees. A way to increase work performance, motivation, and employee job satisfaction is through compensation (George & Jones, 2000: 28). Compensation is directly related to the amount of production (or the number of cuts) that workers produce and is popular as an incentive payment plan. Incentives are also given based on productivity, sales, profits, or efforts to cut costs. The main objective of this incentive program is to boost employee productivity and cost efficiency (Simamora, 1997: 635).

### **C. Job Satisfaction**

Lutheran (2004: 114) job satisfaction is "The results of employees' perceptions of how well a person's job provides everything that is seen as important through his work. Employees will feel satisfied if they can do their job well and maximally according to their work ". Meanwhile, Robbins (2006: 106) argues that job satisfaction is "Refers to the general attitude of the individual to his job. Someone with a high level of satisfaction indicates a positive attitude towards their work. Conversely, someone who is not satisfied with his job indicates a negative attitude towards his job. Crossman (2003: 369) job satisfaction is a positive emotion that results from the feeling of comfort of each employee when doing work. Davis and Newstrom (2002: 108) state that satisfaction is the match between one's expectations and the rewards given from work.

### **D. Performance**

Performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined in the strategic planning of an organization. Performance can be identified and measured if an individual or group of employees has

criteria or benchmarks of success set by the organization. Therefore, if there are no goals and targets set in the measurement, a person's performance or organizational performance can't be known if there is no measure of success (Moehariono, 2009). Performance is defined as the result of a person's efforts that he has achieved with the abilities he has under certain conditions. Thus performance is the result of the relationship between effort, ability, and the perception of the task that has been assigned (Timpe, 2002: 22). A different thing is stated by Griffin (2004: 67), which states that performance is one of the total collections of work that is in the worker.

## **III. METHOD**

### **A. Types of research**

Following the subject matter and research objectives that have been formulated, this type of research is explanatory research. The research method used is a survey method using a questionnaire as a means of collecting data. The pattern of influence that will be revealed in this study is the effect of transformational leadership and compensation on job satisfaction and employee performance of the National Unity and Political Body of Malang Regency.

### **B. Population and Sample Research**

Sugiyono (2006: 117) states that the population is a generalization area consisting of objects or subjects that have certain qualities and characteristics. The population in this study were 30 employees of the National Unity and Political Body of Malang Regency. The sampling method described above is similar to the so-called census. Sugiyono (2006: 96) states that the census technique is a sampling technique when all members of the population are used as samples; thus, the sample taken in this study amounted to 30 employees of the National Unity and Political Body of Malang Regency.

### **C. Type of Data**

The data used in this study are primary. Primary data is data obtained by collecting directly from respondents. Sugiyono (2006: 246) states that primary data is the source (not through intermediary media). Primary data in this study were obtained by distributing questionnaires to respondents to find out their opinions about transformational leadership, compensation, job satisfaction, and employee performance.

### **D. Data analysis method**

Analysis of the data used in the study using Path Analysis. Path analysis is a form of application of multiple regression that uses a path diagram as a guide to complex hypothesis testing. This path analysis can be done to estimate the magnitude of the effect, either directly or indirectly. Equations in path analysis are like multiple linear regression equations, but constant values (in regression) are standardized. Ridwan and Engkos A. Kuncoro (2007: 118) specifically for the SPSS program regression analysis menu, the path coefficient is shown by the output called the coefficient, which is expressed as the

Standardized Coefficient or known as the Beta value. The standardized path coefficient is used to explain the magnitude of the influence of the independent variable on the other variables, which are treated as the dependent variable. The form of the path equation in this study is as follows:

the other variables, which are treated as the dependent variable.

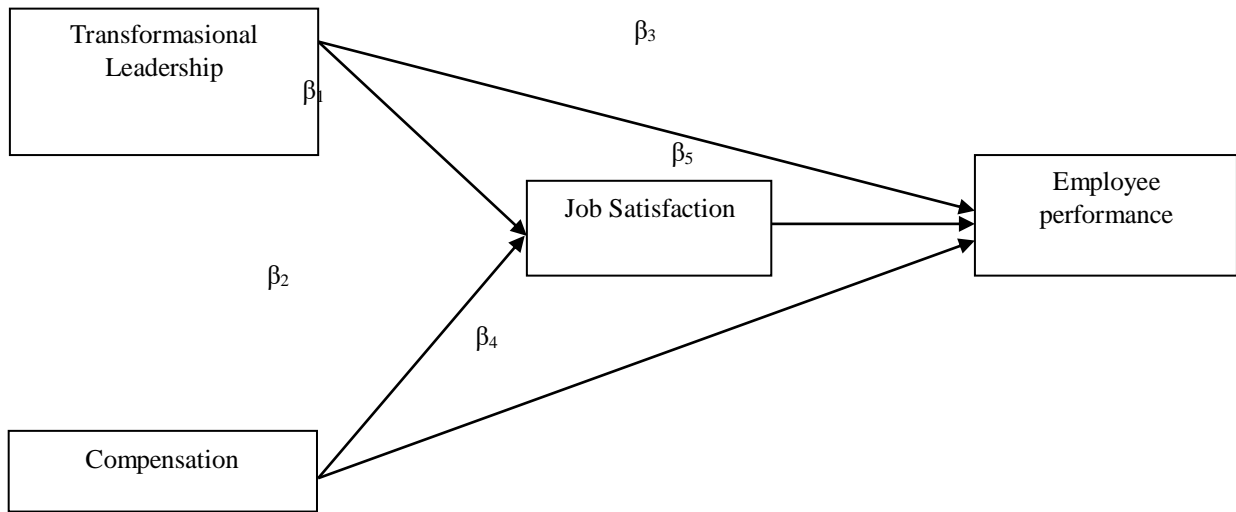


Fig. 1 Path Analysis

Based on the picture above, an equation is formed as follows:

$$Y1 = \alpha + \beta1 X1 + \beta2 X2 + e$$

$$Y2 = \alpha + \beta3 X1 + \beta4 X2 + \beta5 Y1 + e$$

Information :

X1: Transformational leadership

X2: Compensation

Y1: Job satisfaction

Y2: Employee performance

$\beta$ : Path coefficient between effect and cause variable

e: The residual variable

#### IV. RESULT

The results of hypothesis testing in this study are presented in Table 1 below.

Table 1. Influence Between Variables

Influence Between Variables	Path Coefficient	t-statistics	Sig.t
Transformational Leadership Style → Job satisfaction	0,631	4,824	0,000
Compensation → Job satisfaction	0,341	2,603	0,015
Transformational Leadership Style → Employee Performance	0,626	5,126	0,000
Transformational Leadership Style → Employee Performance	0,212	2,122	0,044
Job satisfaction → Employee performance	0,272	2,068	0,049

#### Hypothesis 1. Effect of Transformational Leadership Style on Job Satisfaction

The results of testing the hypothesis about the influence of organizational culture on organizational commitment produce a statistical t value of 4.824 with a sig.t of 0.000. Because sig.t is smaller than the statistical

significance at  $\alpha = 5\%$ , the hypothesis that transformational leadership affects job satisfaction is acceptable. These results indicate that the better the transformational leadership style, the higher the employee's job satisfaction with the National Unity Agency and Malang Regency Politics. The path coefficient of the effect of transformational leadership on job

satisfaction is 0.631 in a positive direction; this indicates that each increase in the transformational leadership style will increase job satisfaction by 63.1%.

**Hypothesis 2. Effect of Compensation on Job Satisfaction**

The results of testing the hypothesis about the effect of compensation on job satisfaction yield a statistical t value of 2.603 with a sig.t of 0.015. Because sig.t is smaller than the statistical significance at  $\alpha = 5\%$ , the hypothesis which states that compensation affects job satisfaction is acceptable, these results indicate that the higher the value of compensation, the higher the employee’s job satisfaction with the National Unity and District Politics Agency. Poor. The path coefficient of the effect of compensation on job satisfaction is 0.341 in a positive direction; this indicates that each increase in compensation will increase job satisfaction by 34.1%.

**Hypothesis 3. The Effect of Transformational Leadership Style on Employee Performance**

The results of hypothesis testing about the effect of transformational leadership style on employee performance produce a statistical t value of 5.126 with a sig.t of 0.000. Because sig.t is smaller than the statistical significance at  $\alpha = 5\%$ , the hypothesis that transformational leadership affects employee performance is acceptable. These results indicate that the better the transformational leadership style, the higher the employee performance of the National Unity and District Politics Agency. Poor. The path coefficient of the effect of transformational leadership on employee performance is 0.288 in a positive direction; this indicates that each increase in the transformational leadership style will increase employee performance by 28.8%.

**Hypothesis 4. Effect of Compensation on Employee Performance**

The results of hypothesis testing about the effect of compensation on employee performance produce a statistical t value of 2.122 with a sig.t of 0.044. Because sig.t is smaller than the statistical significance at  $\alpha = 5\%$ , the hypothesis which states that compensation affects employee performance is acceptable, these results indicate that the higher the compensation received by employees, the higher the employee performance of the National Unity and Political Body of Malang Regency. The path coefficient of the effect of compensation on employee performance is 0.212 in a positive direction; this indicates that each increase in compensation will increase employee performance by 21.2%.

**Hypothesis 5. Effect of Job Satisfaction on Employee Performance**

The results of hypothesis testing about the effect of job satisfaction on employee performance produce a statistical t value of 2.068 with a sig.t of 0.0409. Because sig.t is smaller than the statistical significance at  $\alpha = 5\%$ , the hypothesis that job satisfaction affects employee performance is acceptable. These results indicate that the higher the job satisfaction, the higher the employee performance of the Malang Regency Political and Nation Unity Body. The path coefficient of the effect of compensation on employee performance is 0.272 in a positive direction; this indicates that each increase in compensation will increase employee performance by 27.2%.

The results of the direct, indirect, and total effect analyses are presented in the following table.

**Table 2. Influence Between Variables Directly, Indirectly, and Total**

<b>Influence Between Variables</b>	<b>Direct Influence</b>	<b>Indirect Influence Through Job Satisfaction</b>	<b>Total Effect</b>
Transformational Leadership Style → Job satisfaction	0,631	-	0,631
Compensation of → Job satisfaction	0,341	-	0,341
Transformational Leadership Style → Employee Performance	0,626	$(0.631) \times (0.272) = \mathbf{0.172}$	0,798
Compensation → Employee Performance	0,212	$(0.341) \times (0.272) = \mathbf{0.093}$	0,305
Job satisfaction → Employee performance	0,272	-	0,272

**Hypothesis 6. Effect of Transformational Leadership Style on Employee Performance through Job Satisfaction**

Based on Table 5.12, it is known that based on the test results with the t-test, it is found that there is an effect of transformational leadership style on job satisfaction with a coefficient value of 0.631, and there is an effect of job

satisfaction on employee performance with a coefficient value of 0.272. Based on the results of these tests, it can be concluded that job satisfaction can mediate the effect of transformational leadership on employee performance, and the extent of the coefficient of indirect influence is 0.172.

### **Hypothesis 7. The Effect of Compensation on Employee Performance through Job Satisfaction**

Based on Table 5.12, it is known that based on the test results with the t-test, it is found that there is an effect of compensation on job satisfaction with a coefficient value of 0.341, and there is an effect of job satisfaction on employee performance with a coefficient value of 0.272. Based on the results of these tests, it can be concluded that job satisfaction can mediate the effect of compensation on employee performance and the coefficient of the indirect effect is 0.093.

## **V. DISCUSSION**

### **A. Transformational leadership style directly affects the job satisfaction**

Based on the results of empirical studies shows that the transformational leadership style affects employee job satisfaction. This significant influence has a positive value, which means that the better the leader applies a transformational leadership style, the higher the level of job satisfaction of the Malang Regency Political and National Unity Agency employees. This result can be explained that the role of transformational leadership in increasing employee job satisfaction is the role of leaders who always learn to find new things that support the job.

According to Yukl (2009: 297), the degree to which a leader is called transformational is mainly measured about the effect of this leadership on followers. The followers of transformational leaders feel trust, admiration, loyalty, and respect for the leader and feel motivated to take action for the benefit of the organization. The leader transforms and motivates followers by: (1) making subordinates more aware of the importance of the results of a job, (2) Encouraging subordinates to prioritize the organization or team rather than self-interest. In contrast, transformational leadership is an extension of charismatic leadership. The leader creates a vision and an environment that motivates employees to excel beyond expectations. In this case, employees feel trust, admiration, loyalty, and respect for their leaders, so that employees are motivated to do work as expected and have satisfaction.

This is consistent with the opinion expressed by Griffith (2004), showing that transformational leadership is directly related to employee job satisfaction and even with performance. Barling (2000) shows that transformational leadership consisting of idealized influence, inspirational motivation, individual consideration, and intellectual stimulation affect satisfaction. Bycio et al. (1995) showed a positive relationship between transformational and transactional leadership with increased performance and job satisfaction. Tondok and Andarika (2004) show that perceptions of transformational leadership style with job satisfaction are positively and significantly correlated.

### **B. Compensation directly affects the job satisfaction**

The results of data analysis and hypothesis testing show that compensation affects job satisfaction. This can be explained that job satisfaction of Malang Regency

Political and National Unity agency employees will increase if the compensation was given into account the principle of justice, where the salary payment made by the company is on time, the amount of incentive received taken into account work performance, the implementation of promotion according to the time specified. Determined and planning for promotion to be carried out objectively. This strengthens the study raised by Hunan (1993: 140) that in providing compensation, the principle of justice needs to be considered. Justice does not mean that everything must be shared equally. Justice must be linked between sacrifice (input) and income (output). The input of a position is indicated by the requirements (specifications) that must be met by the person holding the position. The higher the requirements needed, the higher the income (output) is expected. This output is shown from the wages received. Likewise, according to Simamora (1999: 550-552), employees are motivated to work when they feel that rewards are distributed fairly. Justice can be interpreted as a balance between the inputs that employees bring into a job with the results they get from that job.

The results of this study support the study conducted by Dwipasari, Lita (2008), showing that the provision of appropriate compensation can affect the job satisfaction of employees of PT. Bank Jatim Malang Branch. Panudju (2003) concluded that financial compensation, non-financial compensation affects the job satisfaction of employees of the Production Unit PT.X Palembang. Sjamsi (2008) found evidence that compensation has a significant effect on job satisfaction of PDAM employees in 8 provinces, Indonesia.

### **C. Transformational leadership style directly affects employee performance**

The National Unity and Political Body of Malang Regency will succeed and develop, depending on its leaders. If the leadership can carry out its functions properly, the organization will likely be able to achieve its goals. Therefore, organizations need effective leaders who can influence the behaviour of their members or subordinates. So, a leader or head of an organization will be recognized as a leader if they can have influence and can direct their subordinates towards achieving organizational goals.

Based on the results of empirical studies, the transformational leadership style has a significant effect on employee performance. It can be said that the employees of the Malang Regency National and Political Unity Agency will have a good performance if the leadership can carry out their role properly. Mangkunegara (2009) states that employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties following the responsibilities assigned to him. It can be said that employee performance is work performance or work results both in quality and quantity achieved by employees or employees of the association during the period in carrying out their work duties following the responsibilities assigned to them.

Based on this description, the high quality and quantity of work achieved by an employee in carrying out his duties by the responsibilities given to him are due to the existing leadership style, where the leader in carrying out his role uses a charismatic approach so that every action has an attractive appeal and should be followed. and are exemplary, leaders can provide inspiration and broadness of insight, leaders have a vision for the future and are intellectually based. Leaders are often considered the most important factor of organizational success or failure (Menon, 2002), as well as the success or failure of an organization, both business and public orientation, which is usually perceived as the success or failure of the leader. The role of the leader is so important that the issue of the leader becomes a factor that attracts attention to research. The mass media, both electronic and print, often present opinions and talks that discuss leadership (Locke et al., 1997). The leadership role, which is very strategic and important for the achievement of the vision, mission, and goals of an organization, is one of the motives that encourages people to always investigate the ins and outs of leadership.

The results of this study support the study conducted by Griffith (2004), showing that transformational leadership is directly related to performance. Bycio et al. (1995) showed that transformational leadership is positively related to increased performance. Senewe (2013) shows that transformational leadership has a significant influence on employee performance.

#### ***D. Compensation directly affects employee performance***

The results of data analysis and hypothesis testing show that compensation affects employee performance. This can be explained that the employees of the National Unity and Political Body of Malang Regency will have a good performance if the organization pays attention to the problem of compensation, where the compensation is given to pay attention to the principle of justice, where salary payments are made on time, the number of incentives received takes into account work performance, implementation of promotions positions according to the stipulated time and planning for promotion to positions objectively.

Hasibuan (1997: 117), one of the functions of human resource management is to find a compensation system for employees. In modern organizations, with a variety of employee benefit programs, incentive programs, and structured pay scales, the determination of compensation is more difficult and challenging for the human resources department (person). This is more difficult because employee compensation can affect their productivity and tendency to stay with the organization or find another place (job). Benefits are felt to be important for employees as individuals because the amount of compensation reflects the measure of the value of the work among employees.

The results of this study support the research conducted by Yuniari and Luh Gede Teni Waisnawini

(2009), which found evidence that compensation and work environment affect morale while motivation does not affect work morale. Compensation, work environment, and motivation affect employee performance. Widyatmini and Lukman Hakim (2008) show that compensation is very significant for the performance of Depok City Health Office employees. Samudra et al. (2014) show that financial compensation has a strong relationship to performance (Y). Employee performance will increase by 0.746 units for each additional unit of X1 (direct financial compensation). Employee performance will increase by 0.420 units for each additional unit of X2 (indirect financial compensation).

#### ***E. Job satisfaction directly affects employee performance***

Job satisfaction plays an important role in improving employee performance, where when employees feel satisfied with their work, employees are motivated to do their job well. Based on the results of empirical studies, job satisfaction affects employee performance. It can be said that the employees of the Malang Regency National and Political Unity Agency will have a good performance if they are satisfied with their work. This study can be interpreted that the high quality and quantity of work achieved by an employee in carrying out his duties are following the responsibilities given to him due to the satisfaction factor. According to As'ad (1995: 104), job satisfaction is an individual thing. Each individual will have a different level of satisfaction according to the value system that applies to him. This is due to differences in each individual. The more aspects of the job that are by the desires of the individual, the higher the level of satisfaction he feels, and vice versa; meanwhile, according to Armstrong (1998: 97) that an employee who is not satisfied with his job can be motivated to work better to improve himself.

The results of this study support the study proposed by Crossman and Bassem (2003), showing that there is a relationship between job satisfaction and employee performance. This means that job satisfaction has a strong correlation with improving employee performance. The more satisfied the employee is at work, the more his performance increases. Ellicson (2002) shows that: employee job satisfaction has a significant effect on the performance of government employees. Morris and Robert (1994) show that there is a strong and significant relationship between performance variables and internally oriented individual job satisfaction.

#### ***F. Job satisfaction mediates the effect of transformational leadership style on employee performance***

To investigate job satisfaction mediating the effect of transformational leadership on employee performance, it is necessary to know the significant results of the effect of transformational leadership on job satisfaction and the effect of job satisfaction on employee performance. The results of the study show that the variable job satisfaction can mediate the effect of transformational leadership style

on the performance of the employees of the National Unity and Politics Agency of Malang Regency. These results can be interpreted that the leader who is always learning to find new things that support the job causes employees to be satisfied with the assignment given according to ability. In these conditions, the performance of employees in the work environment of the Malang Regency Political and National Unity Agency will increase.

The results of this study support the study proposed by Bycio et al. (1995) showed that transformational leadership is positively related to job satisfaction. Barling (2000) shows that transformational leadership can increase job satisfaction. Griffith (2004) shows that transformational leadership is directly related to employee job satisfaction and even with performance. Tondok and Andarika (2004) show that perceptions of transformational leadership style with job satisfaction are positively and significantly correlated. Crossman and Bassem (2003) show that there is a relationship between job satisfaction and employee performance. Ellicson (2002) shows that: employee job satisfaction has a significant effect on the performance of government employees. Morris and Robert (1994) show that there is a strong and significant relationship between performance variables and internally oriented individual job satisfaction.

#### ***G. Job satisfaction mediates the effect of compensation on employee performance***

To investigate job satisfaction to mediate the effect of compensation on employee performance, it is necessary to know the significant results of the effect of compensation on job satisfaction and the effect of job satisfaction on employee performance. The results of the empirical study show that the variable job satisfaction can mediate the effect of compensation on the performance of the employees of the National Unity and Politics Agency of Malang Regency. These results can be interpreted that when the salary received can meet daily needs, the employee is satisfied with the assignment given according to ability. In these conditions, the performance of employees in the work environment of the Malang Regency Political and National Unity Agency will increase.

The results of this study support the study proposed by Panudju, A. (2003), who found evidence that financial compensation, non-financial compensation, has a significant effect on job satisfaction. Dwipasari, Lita (2008) shows that the right compensation can affect job satisfaction. Sjamsi, N. (2008) found evidence that compensation affects job satisfaction. Crossman and Bassem (2003) show that there is a relationship between job satisfaction and employee performance. Ellicson (2002) shows that: employee job satisfaction has a significant effect on the performance of government employees. Morris and Robert (1994) show that there is a strong and significant relationship between performance variables and internally oriented individual job satisfaction.

## **VI. CONCLUSION**

Based on the results of the analysis and discussion of this research, it can be concluded that: (1) Transformational leadership style affects employee job satisfaction. These results can be explained that the role of transformational leadership in increasing employee job satisfaction is the role of leaders who always learn to find new things that support work (2) Compensation affects job satisfaction. This can be explained that job satisfaction of Malang Regency Political and National Unity agency employees will increase if the compensation was given into account the principle of justice, where the salary payment made by the company is on time, the amount of incentive received taken into account work performance, the implementation of promotion according to the time specified. Determined and planning for promotion to be carried out objectively (3) Transformational leadership style has a significant effect on employee performance. It can be said that the employees of the Malang Regency National and Political Unity Agency will have a good performance if the leadership can carry out their role properly (4) Compensation affects employee performance. This can be explained that the employees of the National Unity and Political Body of Malang Regency will have a good performance if the organization pays attention to the problem of compensation, where the compensation is given to pay attention to the principle of justice, where salary payments are made on time, the number of incentives received takes into account work performance, implementation of promotions positions according to the stipulated time and planning for promotion to positions objectively (5) Job satisfaction affects employee performance. It can be said that the high quality and quantity of work achieved by an employee in carrying out his duties are following the responsibilities given to him because of the satisfaction factor (6) Job satisfaction can mediate the effect of transformational leadership style on the performance of the employees of the National Unity and Politics Agency of Malang Regency. These results can be interpreted that the leader who is always learning to find new things that support the job causes employees to be satisfied with the assignment given according to ability. In these conditions, employee performance will increase (7). Job satisfaction can mediate the effect of compensation on employee performance of the National Unity and Political Body of Malang Regency. These results can be interpreted that when the salary received can meet daily needs, the employee is satisfied with the assignment given according to ability. In these conditions, employee performance will increase.

## **VII. ACKNOWLEDGEMENT**

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