The Impact of Transformational Leadership Style, Organizational Citizenship Behavior, and Work Satisfaction on A Galuh Protank Logistics Group’s Employees’ Performance

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Abstract
This research is aimed to study the influence of transformational leadership and organizational citizenship behavior (OCB) implementation on employee performance and aimed to study the influence of transformational leadership and organizational citizenship behavior (OCB) implementation on job satisfaction and the subsequent effect of job satisfaction on employee performance. Employee performance is the primary factor in the achievement of company goals. This research will answer these problems: (1) Does transformational leadership affect employee performance? (2) Does job satisfaction affect employee performance? (3) Does transformational leadership affect employee performance as mediated by employee job satisfaction? (4) Does the OCB affect employee performance? (5) Does the OCB affect employee performance as mediated by employee job satisfaction? This research follows a quantitative approach using data that was gathered through questionnaires. The population of this research are Galuh Protank Logistics Group employees. Forty-eight employees were respondents. SEM-PLS Warps test was used to analyze the data. The research results indicate that the influence of transformational leadership and OCB on employee performance is significant, but the influence of job satisfaction on employee performance is not significant. The research results indicate that the influence of transformational leadership and OCB on employee job satisfaction is significant.

Keywords: Employee performance, Job satisfaction, Organization Citizenship Behavior, Transformational leadership style

INTRODUCTION
Business has always been competitive, but the world of global business is even more competitive, and every company must be able to manage human resources effectively and efficiently in order to be able to compete and develop. The management of every company always hopes that its employees provide optimal results in the performance of their work. [1] said that the performance of employees can be seen by how employees perform their duties and responsibilities. Increased employee performance will bring progress to the company to help it survive in a competitive environment; therefore efforts to improve employee performance is a most serious management challenge because the success of a company depends on it.

[2] argued that development-oriented and pragmatic leadership has a positive impact on employee performance, and argued that noninterference leadership style has a negative impact. Leadership is important to all organizations and can improve the organization. The success or failure of an organization depends on the effectiveness of leadership at [3] found that there was a significant relationship between transactional leadership style and employee job satisfaction and that transactional leadership style was adopted by more leaders than the transformational leadership style.

The ability of leaders is a key factor in building subordinate behavior through the style or approach used in managing people. [4] states that transformational leadership is a form of leadership in which leaders have transformational qualities with the ability to articulate. Transformational leadership refers to leaders who inspire followers to do their best [5] Today’s turbulent business competition drives a leader to focus on his employees, so employees volunteer to work hard to improve their performance. Transformational leadership may be a good strategy for a leader to achieve sustainable business development.

[6] revealed that one of the driving factors of OCB is the leadership in an organization. Leadership is the ability to orient another person or group of people toward goal fulfillment. Job
satisfaction also becomes one of the factors affecting OCB. [7] also found that the charisma of leaders influences job satisfaction. Satisfaction is an emotional state affected by the employee’s view of their work.

Job satisfaction is emotional happiness resulting from achievement of one’s work interests. Observed employee happiness produces positive sentiments. Additional authors discuss that satisfaction is achieved because people understand the importance of working standards to achieve basic requirements. For individuals who do complicated work, job satisfaction is one of the important factors.

The purpose of this study is to empirically investigate the effect of transformational leadership style and OCB on job satisfaction and the subsequent improvement of employee performance in the Galuh Protank Logistics group by using structural equation modeling method (SEM-PLS WarpS). Hypothesis testing will be done by means of confirmatory factor analysis (CFA). This research is compiled into four main sections: 1) literature review of various journal articles and other secondary sources that have been extracted; 2) details about respondent data, instruments for measuring job satisfaction and leadership style, and research methodology are discussed in the second section; 3) the third section presents the findings, followed by discussions and implications of the findings; 4) the final section is the conclusion.

LITERATURE REVIEW
Leadership Style

The concept of leadership includes different interpretations about the characteristics of leaders, their behavior, and their impact on employees and their activities. Leaders are categorized based on different criteria, and one of them is leadership style. According to some interpretations, “...a leadership style is a combination of traits, skills and behaviors that leaders use while they interact with subordinates” [8]. Therefore, it is necessary to undertake various types of research within the organization that will help us understand the characteristics of leaders in situations that show what type of leadership is most appropriate.

Leadership is the backbone of organizational development because without good leadership, it will be difficult to achieve organizational goals. If a leader seeks to influence the behavior of others, then the leader needs to think about his leadership style. Leadership should be development-oriented and pragmatic, so that leadership style has a positive impact on employee performance [2].

A leader is not a sole voyager, but a key figure whose actions or inactions can decide others’ well-being and the broader good [9]. “Leaders must appear credible to those that follow them, if they do not believe in what they are touting to others then they will not have the ability to influence others. Leaders must deal in truth and make hard decisions that may be unpopular but necessary and stand by their decisions. There may never be one, single definition that will capture all of the qualities of an effective leader but there is solid evidence to support common threads among all leaders.” [10].

“A well led organization will know how the vision, values, and methods of clinical governance are being communicated effectively to all staff” [11].

The link between leadership and followership: How affirming social identity translates vision into action [12]. Focused on processes of interdependence and argued that leadership emerges from the system of interpersonal relations between leaders and followers and reflects the capacity for that system to generate rewards that are gratifying for each party” [13].

There are various effective leadership styles in an organization, but the right leadership style and the ability to provide stimulus and direction to the leader’s followers to achieve the mission and goals of the organization is not the same for every company. From an organizational perspective, leadership is not just managerial positions in a business organization.

Galuh Protank Logistic company initially engaged in logistic services for liquid product but developed into several companies in the field of freight forwarding and manufacturing. Galuh Protank Logistic Group company can survive in this era of tight business competition because the leaders adopt a broader perspective in business that requires solid leadership and invites their followers to jointly achieve the vision and mission which has been set out.

The Relationship between Transformational Leadership Style and Employee Performance

The theory of transformational leadership has grown tremendously in management research [14]. Transformational leadership
theory was first raised by [15] and then put forward by [16]. This made a remarkable contribution to the development of the theory. The concept of transformational leadership implementation is very important in facing the challenges of the future and is the real task of leadership [17]. A transformational leader is willing to be become a role model for his followers, so that his followers can adopt the vision of the organization as if it were their own personal vision. Transformational leadership is a complex process, requiring more visionary and more inspiring personalities.

Effective leaders express their transformational behaviors within a personal, dynamic relational exchange context. They fulfill the psychological contract implicit in their social relations relationships with followers. They are sensitive to follower contributions to the exchanges and reciprocate in ways that build follower self-worth and / or self-concept. Effective leaders link achievement of organizational goals to follower fulfillment of self-development goals, with the advancing the latter [18].

There are four dimensions of transformational leadership that had been proposed by [19]. They are: (1) ideal influences; (2) inspirational motivation; (3) intellectual stimulation behavior; and (4) individual considerations. The first two components represent the idea of “charisma”[19];[19] and are similar to the behaviors prescribed in the charismatic leadership theory [20]. This ideal effect is due to leadership that promotes followers who can eventually trust and follow their leaders [21].

Transformational leaders encourage their followers to think outside the box and challenge their assumptions by empowering them with individualized mentoring and [22]. “...transformational leadership might shape the change environment so that employees feel well supported and develop a more expansive view of their work” [23].

Transformational leaders encourages their followers to develop themselves to do their best, so that their performance improves [24]. Transformational leadership has the most important effect on team processes and results [25]. So this leadership style has an impact on general or organizational performance. Transformational leadership behavior also encourages employees to behave as volunteers which is commonly known as OCB so they can improve their performance.

Previous empirical research indicated that transactional leadership behaviors are negatively related to organizational performance, yet transformational leadership behaviors lead to higher organizational performance ([26]; [27]; [28]). A special transformational leadership style plays a role in creating job satisfaction. [29] and [30] state that there is a need for the insertion of a mediator between transformational leadership and job satisfaction. There are four dimensions of transformational leadership. They are inspirational motivation, intellectual stimulation, individual considerations, and ideal influences. All of which are related to job satisfaction [31], [32]. “Transformational leadership was related to employees’ performance (i.e., task performance and OCB) mainly through the quality of the relationship developed between managers and employees.” [33]. “Transformational leadership styles improves performance.” [34]

The Relationship between OCB and Employee Performance

OCB is a useful behavior for the organization when it is spontaneous but now when it is directly or explicitly demanded in the organization’s official merit system [34]. OCB is not within the job description; it is a clear working contract between individuals and organizations. The behavior is more like a personal choice. According to [34] OCB consists of five factors, they are altruism, thoroughness, sportsmanship, modesty, and civil virtue. OCB influences organizational performance in seven areas: [35]

a. improving the efficiency of co-workers and managers;
b. releasing resources for more productive activities and objectives;
c. reducing the scarce resources needed to maintain the normal operation of the organization;
d. assisting coordination between working groups and within groups;
e. strengthening the organization's ability to attract and retain talented employees;
f. enhancing organizational stability;
g. making organizations more responsive to environmental change.

In this research, 5 of the indicators in Podsakoff’s research are taken.
Organizational citizenship behavior is individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization [36]. Werner (2000: p.91) also mentioned “OCB is less likely to be considered an enforceable requirement,” and “is less likely than task performance to be regarded by the former as leading confidently to systemic rewards” [34]. OCB affects organizational performance stability [35]. This is because meticulous employees are more likely to consistently maintain high levels of output, thereby reducing variability in work unit performance. OCB refers to employee proficiency to perform tasks that require effort beyond the defined role description [37]; [38].

The Relationship between Transformational Leadership Style and Job Satisfaction

Productivity and performance of an organization depend on the job satisfaction and organizational commitment of its employees and escort to grow profits. Transformational leadership, an approach of enhanced interpersonal relationship between supervisor and subordinate, is a way to create higher level of job satisfaction and organizational commitment of employees [39].

The research by [40] found “that individualized consideration and intellectual stimulation affect followers’ job satisfaction.” “Transformational leadership had a strong positive influence on workplace empowerment, which in turn increased nurses’ job satisfaction.” [41]. “when employees perceive their leader as transformational they feel more psychologically empowered, which in turn increases job satisfaction levels” [42]. “…transformational leadership significantly influences job satisfaction” [43].

“Transformational leadership is a specific leadership style applied by superiors who motivate their subordinates to perform at a higher level by inspiring them, offering them intellectual challenges and paying attention to their individual needs.” “Job satisfaction refers to the employees’ perceptions of their working environment, relations among colleagues, earnings and promotion opportunities.” “Job satisfaction, on the other hand, is defined as a pleasant or positive emotional condition, derived from an employee’s appreciation for his/ her occupation or work experience ”[44].

“...transformational leadership has significant effect on job satisfaction and organizational commitment” [45].

The Relationship of Job Satisfaction and Employee Performance

In general, job satisfaction is an important factor that affects many characteristics of the employees’ work. Job satisfaction is emotional happiness resulting from positive evaluations of work that has been done. In other words, job satisfaction is a pleasant state of mind which is the outcome of positive evaluations of an employee’s work or the achievement of the standards for one’s work.

“Job satisfaction is not independent in all job facets and that satisfaction with one facet might lead to satisfaction with another. Female employees were found to be less satisfied with all facets except pay. Those with lower educational qualifications were least satisfied. Self-reported job performance was found to increase with tenure” [46].

[48] Commented, as quoted in [49] “Job satisfaction . . . has been around in scientific psychology for so long that it gets treated by some researchers as a comfortable "old shoe." one that is unfashionable and unworthy of continued research. Many organizational researchers seem to assume that we know all there is to know about job satisfaction; we lose sight of its usefulness because of its familiarity and past popularity.”

Job satisfaction refers to an employee’s overall sense of well-being at work. It is an internal state based on assessing the job and job-related experiences with some degree of favor or disfavor [50]. Job satisfaction can be defined as a measurement of one’s job or experiences in terms of positive emotion or enjoyment in the job [51].

“1. Job satisfaction does not imply strong motivation for outstanding performance; and 2. “... Productivity may be only peripherally related to many of the goals toward which the industrial worker is striving” [52]. ”The definitions of job satisfaction are influenced by fundamental theories influence. Some definitions are distinct approach, job satisfaction is considered as being composed of satisfaction with various features of the work and the workplace. In this approach, job satisfaction valued at the sum of satisfaction reported by many different characteristics of work and the workplace. Such an assessment
provides a perfect picture of the overall employee satisfaction.” [3]

Job satisfaction is an emotional state in which employees view their work as satisfying. In other words, job satisfaction is a pleasant psychological state that is experienced by workers in a work environment because of the fulfillment of the job expectations. Indicators of job satisfaction, There are 3 indicators of job satisfaction according to [53]:
1. Emotional response to a job
2. Results or outcome of a job
3. Different attitude

Performance is directly related to the production of goods or delivery of services. Information about the performance of the organization is very important and is used to evaluate whether the performance process undertaken by the organization has been in line with the expected goals or not. Performance is determined by the comparison of work achieved by employees with predetermined standards. Performance means the quantity and quality of the results achieved by a person within an organization in accordance with the responsibilities given to him. Employee performance indicators by [54] are:
1. Active Engagement
2. Number of employees participating
3. Number of contributions
4. Number of downloads
5. Number of calls to support the function
6. Support rankings

Of the 6 indicators, this study used 3 indicators of active involvement, the number of employees who participate and contribution.

**MATERIAL AND METHOD**

Many researchers have conducted studies on the empirical relationship between transformational leadership and performance ([55]; [56]; [23]; [57]). Based on the research findings from previous researches, we have chosen employee performance as the topic of the study (the dependent variable) and transformational leadership and OCB as the independent variables. Transformational leadership indicators in this research were taken from [58] study. They are: individualized consideration/TL1; intellectual stimulation/ TL2; inspirational motivation/ TL 3; idealized influence/ TL 4.

Employees feel that they have a clearer understanding of the contribution of their work through the transformational leadership. There is a relationship between leadership style and higher work satisfaction level [59]. Employee satisfaction is an important source of employee motivation [60]. Work satisfaction positively affects organization commitment and therefore when employee satisfaction increases, organization commitment will increase too. Based on the previous research, we chose employees’ work satisfaction as mediator between transformational leadership and employee performance. Based on the research findings from previous researches, we have chosen employee performance as the dependent variable, and we placed job satisfaction as the mediating variable.

Job satisfaction indicators were taken from [60]. They are: 1) employee motivation (JS1); 2) job enrichment (JS2); 3) employee relationships (JS3). Leaders have the ability to encourage employees’ OCB to be able to clarify the company’s vision by empowering employees to take responsibility to achieve that vision [61]. It is possible that OCB influences one’s career satisfaction [62]. Transformational leadership and OCB are independent variables of the research, and job satisfaction is the mediating variable. OCB’s indicators were taken from [63]. They are: 1) Altruism / OCB1; 2) Conscientiousness/ OCB2; 3) Civic virtue/ OCB3; 4) Sportsmanship/ OCB4; 5) Courtesy/ OCB5.

Positive relationship between job satisfaction and performance. Company performance indicators are: 1) direct relationship / PE1; 2) job performance / PE2; 3) source of work / PE3 [51].

Consistent with the purpose of the study, the hypotheses proposed for the test were:

H1 : Transformational leadership affects employee performance.
H2 : Job satisfaction affects employee performance.
H3 : Transformational leadership affects employee performance as mediated by job satisfaction.
H4 : OCB affects employee performance
H5 : OCB affects employee performance as mediated by job satisfaction.

The framework for the study is presented in Figure 1 which shows the relationship between employee performance as the dependent variable and the two independent variables of
transformational leadership and OCB, while job satisfaction is the mediating variable.

![Figure 1. Conceptual Framework](image)

This research was conducted at Galuh Protank Logistics group in 4 months (September 2017 - January 2018).

**Sample and Population**

Respondents for this research were taken from the entire population, i.e., 48 employees of Galuh Protank Logistics group in Surabaya and Jakarta office.

**Data Collection Method**

Data collection method is one aspect that plays a role in the success in a study. In this research the data collection method used was as follows:

1. **Observation**
   
   Observation is a systematic data collection technique and deliberate, which is done by directly observing the object of research. The observations were conducted at Galuh Protank Logistics Group.

2. **Questionnaires**
   
   A questionnaire is a technique of collecting data through forms containing questions given in writing to a person or group of people for answers or responses and necessary information. This study used questionnaires to obtain data more efficiently. There were two types of structured questions used in the study, namely:
   
   a. Questions with multiple-choice answers.
   b. Likert scale 1-5 was used in this study.

**Data Analysis**

Statistical analysis used in this research is descriptive and quantitative analysis using SEM PLS Warps program. The analysis was used to calculate the quantitative influence of a change of events (variable X) on other events (variable Y). In this study, the variables were observed by using questionnaires as the measurement to collect information from respondents.

**RESULT AND DISCUSSION**

This study describes and explains the characteristics of respondents, description of respondents’ answers from research instruments and the results of inference statistical analysis to test the results of the analysis. Discussion of the results of this study explains the influence of transformational leadership on employee performance, the influence of job satisfaction on employee performance, the influence of transformational leadership on employee performance as mediated by job satisfaction, the influence of OCB on employee performance, and the influence of OCB on employee performance as mediated by job satisfaction. This research was conducted at PT. Galuh Protank Logistics in Surabaya and Jakarta. The company is a rapidly expanding company that does ground transportation and intermodal logistics using ISO-Tank Containers made of stainless steel to meet high standards in safety and environment. The company has had experience for over 10 years in transporting non-hazardous liquids.

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<th>Tabel 1. Loading Factor</th>
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<th>Tabel 2. Path Coefficients</th>
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<td><strong>P Values</strong></td>
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The Impact of Transformational Leadership Style (Setyaningrum, et al.)

The research results indicate that the influence of transformational leadership on employee performance is significant. The research results indicate that the influence of job satisfaction on employee performance is not significant. The research results indicate that the influence of OCB on employee performance is significant. The research results indicate that the influence of transformational leadership on employee job satisfaction is significant. The

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**Note:**

TL: Transformational Leadership  
TL 1: Individualized Consideration  
TL 2: Intellectual Stimulation  
TL 3: Inspirational Motivation  
TL 4: Idealized Influence  
OCB: Organization Citizenship Behavior  
OCB 1: Altruism  
OCB 2: Conscientiousness  
OCB 3: Civic virtue  
OCB 4: Sportsmanship  
OCB 5: Courtesy

**Figure 2.** PLS Frame Work

**Table 3. Results of Analysis of Direct Relationships between Research Variables**

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<th>Variables Relationship</th>
<th>Coefficient</th>
<th>P-Value</th>
<th>Information</th>
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<tr>
<td>Transformational leadership Performance Employee</td>
<td>0.18</td>
<td>0.09</td>
<td>Significant</td>
</tr>
<tr>
<td>Job Satisfaction Performance Employee</td>
<td>0.04</td>
<td>0.40</td>
<td>Not Significant</td>
</tr>
<tr>
<td>OCB Performance Employee</td>
<td>0.47</td>
<td>0.01</td>
<td>Significant</td>
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<tr>
<td>Transformational Leadership Job Satisfaction</td>
<td>0.18</td>
<td>0.09</td>
<td>Significant</td>
</tr>
<tr>
<td>OCB affects employee performance as mediated by job satisfaction.</td>
<td>0.53</td>
<td>0.01</td>
<td>Significant</td>
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research results indicate that the influence of OCB on employee job satisfaction is significant.

CONCLUSION
Based on the conclusions of the research that has been described above, the researchers can provide suggestions as follows:

1. The results of this research show that transformational leadership style has significant influence on employee performance of PT Galuh Protank Logistics. Therefore each leader should be able to have a positive influence on employees through attention to the performance of each employee so that the employee more responsible for the task given. Employee performance is the spearhead for the success of an organization.

2. It is expected that PT Galuh Protank Logistics should give encourage to employees who volunteer to work hard (OCB), so that every employee is more motivated in accepting responsibility to the company. If employees have good OCB, every employee gives the best performance for the company, so the company's goals can be met.

3. We suggest for improved transformational leadership style in the future, that PT Galuh Protank Logistics be more selective in choosing leaders according to company policy. The things that give the employees a genuine willingness to work earnestly (OCB) in performance improvement should be given more attention. Management structure also affects employee work satisfaction.

4. Since job satisfaction of PT. Galuh Protank Logistic employees does not directly influence employee job performance, the company should concentrate on transformational leadership and OCB which do have an influence on employee performance as well as job satisfaction.

We hope our research can be a reference for further study using more variables that have an influence on employee performance in order to add knowledge in this area of research.

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Gothenburg Department Of Informatics. 2003-06-05


