

The Effects of Leadership Style on Working Satisfaction and Performance in Vocational Higher Education Institution in Indonesia

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Abstract - This study aims to determine the effect of transactional and transformational leadership style on lecturer working satisfaction and the performance of Politeknik Negeri Nunukan. This research quantitative descriptive study which conducted at Politeknik Negeri N Nunukan, Indonesia. The data collected from 30 respondents and they are all the lecturers of Politeknik Negeri Nunukan spread in 4 Department. Smart PLS 3.20 version is used for analysis the data to explore the structural equation model. The study found that transactional and transformational leadership style have no significant effect on lecturers working satisfaction in Politeknik Negeri Nunukan performance. In fact, lecturers working satisfaction has significant effect on Politeknik Negeri Nunukan performance

Keywords - Transactional, Transformational, Working Satisfaction, Performance

I. INTRODUCTION

The existed resources is the most importance factors in achieving organization or company's goal. The resources consist of natural resources, human resources, capital resources, and technology. Human resource is the most importance factor among all of the resources. Human resources as subject who managing all of the resources in supporting company's goals. (Simamora, 2006). Without any human resources involvement in producing, the company have inefficiency condition. (Yusuf and Al Arif 2015). For this reason, the company needs the right leader for managing the company's system.

The leaders should implement the appropriate style in order to supporting the company operation. Commonly, the leader is the one who can influence the company direction including in implementing his

leadership style. Leadership style is behaviour or the way used of leader in influencing staff's mind, felling, and attitude of all the organization members. (Nawawi, 2003:115) There are several leadership styles commonly implemented in company such transactional and transformational leadership style. Transactional leadership style is style which leader decides the standards as rule for all of employees and he creates specific performance reviews, while transformational leadership style is a leadership who uses an approaching that can change in individuals and social systems in a company. Both of these leadership style can influence the worker in fulfil their responsibility.

By implementing leadership style whether it is transactional or transformational leadership style, the leaders expect the workers do their instruction in achieving company's aims. Unfortunately, not all of the leader can implement the right style and lead inefficiency company's operations, especially higher education institution such Politeknik Negeri Nunukan.

As a first state polytechnic in North Kalimantan, Politeknik Negeri Nunukan already implemented several leadership styles such as transactional or transformational leadership style. The director or the vice director expect by implementing both of these styles lead the lecturers have their working satisfaction and then can improve the Politeknik Negeri Nunukan performance. Unfortunately, the performance of Politeknik Negeri Nunukan could not be ranked because it is a new state Polytechnic.

II. LITERATURE REVIEWS

This research supported by some of literatures such performance, leadership style consistence of transactional and transformational leadership style, and working satisfaction.. Schmitt stated that Job performance has been defined as the overall expected

value from employees' behaviors carried out over the course of a set period of time (Pulakos, Schmitt et al. 2002)

There are two leadership style will be explored in this research such as transactional and transformational leadership style. Transactional leadership was defined as a leader who earns leadership through normative rules and regulations, strict discipline and systematic control, while a transformational leader is a person who stimulates and inspires (transform) followers to achieve extraordinary outcomes (Robbins and Coulter 2007).

By implementing transactional or transformational leadership style, it is expected the workers have satisfaction such as physically, social or psychological satisfaction. It can be defined that working or job satisfaction is the key to leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfilment (Elie, Kaliski et al. 2007), while Job satisfaction can be defined also as the extent to a worker is content with the rewards he or she gets out of his or her job particular in terms of intrinsic motivation. (Statt 2004)

2..1 Transaction Style and Job Satisfaction.

According to Lok and Crawford that leadership style had a negative effect on working satisfaction for the combined sample. Participants' level of education was found to have a slight negative effect on satisfaction, and a slight positive effect on commitment. (Lok and Crawford 2004). In term of relationship between transactional leadership style and working satisfaction, Riaz argued that transactional leadership is found significantly related to working success (Riaz and Haider 2010). Other expert stated that transactional was found to have direct relationships with employees' working satisfaction (Voon, Lo et al. 2011).

2.2 Transformation Style and Working Satisfaction

According to Bogler that Principals' transformational leadership affected teachers satisfaction both directly and indirectly through their occupation perceptions. (Bogler 2001).

According to that transformational leadership positively effects working satisfaction and organizational commitment of employees. (Aydin, Sarier et al. 2013)

2.3 Transactional Style and Performance

For this kind of relationship, performance of the study found that there is a positive relationship between transactional leadership and performance, but some of them found that transactional leadership style has negative effect on working performance. Ejere found that transactional leadership styles have

significant and positive relationship with organization performance. (Ejere and Ugochukwu 2013). Contractively,

2.4 Transformational Style and Performance

Transformational leadership style has a positive influence on working performance. According to Shahhosseini that transformational leadership style was correlated with working performance (Shahhosseini, Silong et al. 2013). Similarly, found that both transactional and transformational leadership styles have significant and positive relationship with organization performance. (Ejere and Ugochukwu 2013).

2.5 Job Satisfaction and Institution Performance

According to Wanous that The overall relationship between satisfaction and performance was slightly positive, but the direction of causality was unclear. (Wanous 1974), while found that a weak relation between working satisfaction and performance (Ahmad, Ahmad et al. 2010)

2.6 Relation between working satisfaction and performance

Ahmad found that a weak relation between working satisfaction and performance (Ahmad, Ahmad et al. 2010). Since someone fell satisfaction, it could increase their motivation in working, and the company income will increase and company performance will increase.

2.7 Indirect Relationship Transactional and Transformational Leadership and Institution Performance

The indirect effect of leadership style, both transactional and transformational are depend the intervening variable used. Most of the research found that there is indirect effect leadership style and performance. According to the significant indirect effects between organizational structure and work alienation, and between organizational structure and transformational leadership (Sarros, Tanewski et al. 2002).

2.8 Hypothesis

Based on literature reviews, hypothesis can be formulated as follows:

1. Transaction leadership has significant effect on lecture working satisfaction.
2. Transformational leadership has significant effect on lecturer working satisfaction.
3. Transaction leadership has significant effect on Politeknik Negeri Nunukan performance.
4. Transformational leadership has significant effect on Politeknik Negeri Nunukan performance.

- 5. Lecturer working satisfaction has significant effect on Politeknik Negeri Nunukan performance.

III. RESEARCH METHODS

3.1 Collecting Data

This is a quantitative research, and it consist of 4 main variables such as transactional leadership style, transformational leadership style, lecturer working satisfaction and higher education institution performance. The data will be collected from 30 respondents, and all of the respondents are the lecturer in Politeknik Negeri Nunukan. Politeknik Negeri Nunukan consist of 4 Departments. Purposive random sampling technique was used in collecting data. The instrument of collecting data using the questionnaires, while the questionnaires was designed from transactional variable is 3 indicators, transformational, lecturer job satisfaction, and Politeknik Negeri Nunukan are 4 indicators respectively.

For deciding the respondents, purposive random sampling will be used, whereas the respondent decided should based on the purpose this research. The main purpose of this research is to analyze the leadership style and working satisfaction and also performance. Hence, it could be decided the respondent are management, and employees or officers.

3.2 The Structural Equation Model

The research variables consist of exogenous variables such as transactional leadership style (X1) which consist of three indicators such as contingent reward, active management by exception, passive management by exception and transformational leadership style (X2) which consist of four indicators such as idealized influence, inspirational motivation, intellectual motivation, individualized consideration, while intervening variable such as lecturer working satisfaction (Y1) which consist of financial satisfaction, physically satisfaction, social satisfaction and psychology satisfaction and endogenous variable such as Politeknik Negeri Nunukan performance (Y2) which consist of four indicators such as input, process, output and outcome.

The structural equation model of this research can be mentioned follows:

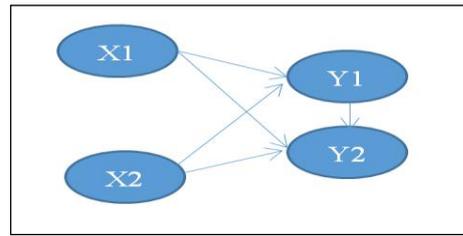


Fig 1. Structural Equation Mode

Caption:

- X1 = Transaction Leadership Style
- X2 = Transformation Leadership Style
- Y1 = Lecturer working Satisfaction
- Y2 = Politeknik Negeri Nunukan Performance

3.3 Data Analysis

This research aims is to analysis the effect of leadership style on lecturer job satisfaction and Politeknik Negeri Nunukan performance, so this research will explore the path analysis of the structural equation model using Smart PLS 3.20 version.

This research using Smart PLS 3.20 version, because the research will explore the direct and indirect effect exogenous and endogenous variables, the data used is not necessary normal, and the respondent could be in a small or big numbers.

Using Smart PLS, the structural equation model can be built as follows:

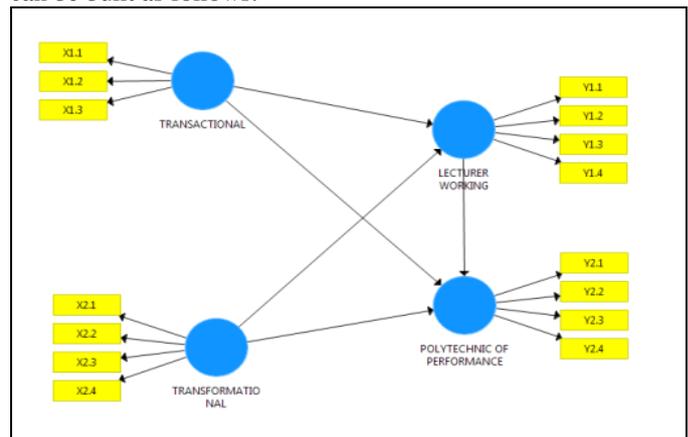


Fig 2, Structural Equation Model Using SmartPLS
Source : Survey result, 2021

Based on Figure 2, it can be built the inner loading as follows:

$$Y1 = \alpha1X1 + \alpha2X2 + \epsilon1 \tag{1}$$

$$Y2 = \beta1X1 + \beta2X2 + \beta3Y1 + \mu1 \tag{2}$$

Caption:

- €1 = error for variable Y1,
- µ1 = error for variable Y2

3.4 Hypothesis Parameter

Level of confidence this research is 95 percent or alpha = 0,05 with two tail hypothesis, alpha is converted to be $0.05/2 = 0.025$. Degree of freedom of this research is $n-k-1$, whereas n = the total of respondents, k = total of variables, and $30-4-1=25$, so T table $(0,025:25) = 2,060$, hypothesis is accepted when $t \text{ test} > t \text{ table}$ or $t \text{ test} > 2,060$

The hypotheses of this research are:

1. There is significant effect transactional leadership style on lecturer working satisfaction
2. There is significant effect transformational leadership style on lecturer job satisfaction
3. There is significant effect transactional leadership style on lecturer Politeknik Negeri Nunukan performance
4. There is significant effect transformational leadership style on lecturer Politeknik Negeri Nunukan performance
5. There is significant effect lecturer job satisfaction on lecturer Politeknik Negeri Nunukan performance
6. There is significant indirect effect transactional leadership style on Politeknik Negeri Nunukan performance
7. There is significant indirect effect transformational leadership style on Politeknik Negeri Nunukan performance

IV. RESULTS AND DISCUSSIONS

By using SmartPLS 3.20 version, the structural equation model can be built as follows:

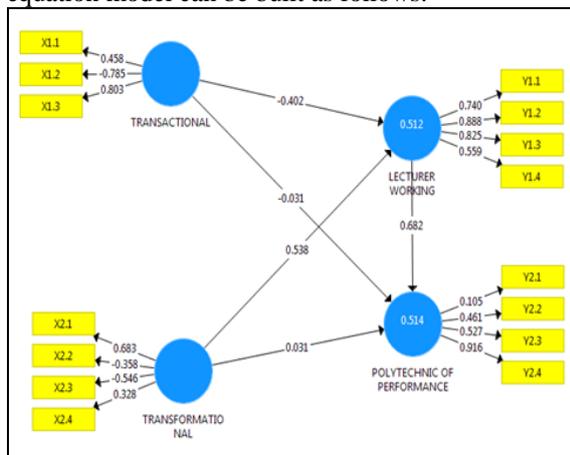


Fig 3. The Structural Equation Model Coefficient
Source : Survey result, 2021

Based on Figure 3, it can be built the outer model coefficient as follows:

$$X1.1 = 0.458X1 + e1$$

$$X1.2 = 0.785X1 + e2$$

$$X1.3 = 0.803X1 + e3$$

X1.3 dominated among all of transactional leadership style indicators. It means that transactional leadership style can be represented by X1.3 or passive management by exception

$$X2.1 = 0.683X2 + e4$$

$$X2.2 = 0.358X2 + e5$$

$$X2.3 = 0.546X2 + e6$$

$$X2.4 = 0.328X2 + e7$$

X2.1 dominated among all of transformational leadership style indicators. The transformational leadership style can be reflected by X2.1 indicator or inspirational motivation.

The path coefficient can be resulted as follows:

$$Y1 = -0.402X1 + 0.538X2 + e8$$

Others outer model coefficient can be built as follows:

$$Y1.1 = 0.740Y1 + e9$$

$$Y1.2 = 0.888Y1 + e10$$

$$Y1.3 = 0.825Y1 + e11$$

$$Y1.4 = 0.559Y1 + e12$$

Y1.2 is the higher coefficient among all of lecturer job satisfaction coefficient. Y1.2 or physically satisfaction reflected the lecturer working satisfaction variable.

Another outer model coefficient as follows:

$$Y2.1 = 0.105Y2 + e13$$

$$Y2.2 = 0.461Y2 + e14$$

$$Y2.3 = 0.527Y2 + e15$$

$$Y2.4 = 0.916Y2 + e16$$

The greatest outer model coefficient is Y2.4, so Politeknik Negeri Nunukan performance can be represented by Y2.4 or outcome indicator.

The second path coefficient as follows:

$$Y2 = -0.031X1 + 0.031X2 + 0.682Y1 + e17$$

Y1 coefficient is the higher number among all of coefficient. Since the lecturer working satisfaction increase 1 unit, it leads increase Politeknik Negeri Nunukan performance 0.682 unit.

TABLE 1. Direct Effect Coefficient

Path Coefficients					
Mean, STDEV, T-Values, P-Value	Confidence Intervals	Confidence Intervals Bias C...	Samples	Copy to Clipboard:	Excel
	Original Sample ...	Sample Mean...	Standard Deviation ...	T Statistics...	P V
LECTURER WORKING -> POLYTECHNIC OF PERFORMANCE	0.682	0.575	0.224	3.048	0
TRANSACTIONAL -> LECTURER WORKING	-0.402	-0.260	0.403	0.996	0
TRANSACTIONAL -> POLYTECHNIC OF PERFORMANCE	-0.031	0.056	0.237	0.132	0
TRANSFORMATIONAL -> LECTURER WORKING	0.538	0.348	0.393	1.370	0
TRANSFORMATIONAL -> POLYTECHNIC OF PERFORMANCE	0.031	0.187	0.303	0.103	0

Source : Survey result, 2021

There is an effect transactional leadership style on lecturer working satisfaction but not significant, because $t \text{ test} = 0.996$ less than 2.060 or hypothesis is rejected.

1. There is an effect transformational leadership style on lecturer working satisfaction but not significant, because t test = 1.370 less than t table = 2.2060 or hypothesis is rejected.
2. There is an effect transactional leadership style on lecturer Politeknik Negeri Nunukan performance but not significant, because t test = 0.132 or less than t table = 2.060, so the hypothesis is rejected.
3. There is an effect transformational leadership style on lecturer Politeknik Negeri Nunukan performance but not significant, because t test = 0.103 less than t table. It can be decided that the hypothesis is rejected.
4. There is significant effect lecturer job satisfaction on lecturer Politeknik Negeri Nunukan performance, because t test = 3.108 or greater than t table. It can be determined that hypothesis is accepted.

The indirect effect can be mentioned as follows:

TABLE 2. Indirect Effect Coefficient

Total Indirect Effects					
	Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias C...	Samples	Copy to Clipboard: Excel Format
	Original Sample...	Sample Mean...	Standard Deviation...	T Statistics...	P Values
LECTURER WORKING -> POLYTECHNIC OF PERFORMANCE					
TRANSACTIONAL -> LECTURER WORKING					
TRANSACTIONAL -> POLYTECHNIC OF PERFORMANCE	-0.274	-0.124	0.268	1.024	0.314
TRANSFORMATIONAL -> LECTURER WORKING					
TRANSFORMATIONAL -> POLYTECHNIC OF PERFORMANCE	0.367	0.190	0.256	1.435	0.162

Source : Survey result, 2021

Based on Table 2, it can be decided that

5. There is an indirect effect transactional leadership style on Politeknik Negeri Nunukan performance but not significant, because t test = 1.024 or less than t table. It can be determined that hypothesis is rejected.
6. There is an indirect effect transformational leadership style on Politeknik Negeri Nunukan performance but not significant, because t test = 1.435 less than t table or the hypothesis is rejected,

It needs to be explored R square as follows:

TABLE 3. R Square Adjusted Coefficient

R Square		
Matrix	R Square	R Square Adjusted
	R Square	R Square Adjusted
LECTURER WORKING	0.512	0.476
POLYTECHNIC OF PERFORMANCE	0.514	0.457

Based on Table 3 can be decided that the contribution of exogenous variables (X1 and X2) to endogenous variable (Y1) is 0.476. It means that the contribution is 47.6%, while 52.4% is contributed by others factors. It is also can be decided that the contribution of exogenous variables (X1, X2 and Y1) to endogenous variable (Y2) is 0.457. It means that the contribution is 45.7%, while 54.3% is contributed by others factors.

Based on the data analysis, it could be determined that transactional leadership style has negative effect on lecturer job satisfaction, because most of the lecturers in Politeknik Negeri Nunukan have experiences in teaching more than 10 years and they works not only for contingent reward and they avoid be evaluated when they are lecturing. It is proved that passive management by exception indicator for this variable. It is reasonable why transactional leadership have negative influence on their working satisfaction. The hypothesis test showed that the effect of transactional leadership style on lecturer working satisfaction negative but not significant, because the leaders in Politeknik Negeri Nunukan implemented unclear style whether it is transactional style or transformational style and they just focused on their job description. This result is supported by the research undertaking by Lok and Crawford the leadership style had a negative effect on job or working satisfaction (Lok and Crawford 2004). Similarly, (Riaz and Haider 2010), and (Voon, Lo et al. 2011) found that is relationship between transactional leadership and job or working satisfaction.

It is found that transformational leadership style has positive effect on lecturer working satisfaction. It is positive effect because some of the leaders in Politeknik Negeri Nunukan have appropriate attitude and behavior; they are good in their own religion. This matter lead the lecturers have inspiration in fulfil their responsibility, but the effect is not very significant because not all of the leaders do the same things. It is supported by the result of questionnaires that the dominant indicator of transformational

leadership style is inspirational motivation. It is similar with the study undertaken by Bogler that Principals' transformational leadership affected teachers' satisfaction both directly and indirectly through their occupation perceptions (Bogler 2001), and Aydin found that transformational leadership positively affects working satisfaction and organizational commitment of employees. (Aydin, Sarier et al. 2013)

The transactional leadership style also has negative effect on Politeknik Negeri Nunukan performance but not significant, because transactional leadership style is reflected by passive management by exception. It means that the lecturer do not like to be evaluated, or to be controlled by Politeknik Negeri Nunukan management team such as Director, Vice Director, or Head of Department. Actually, Politeknik Negeri Nunukan has a specific system in evaluating all lecturer's performance or Politeknik performance which reflected by outcome indicators. Unfortunately, this system which represented by transactional leadership style has negative effect on Politeknik Negeri Nunukan outcome, even though it is not significant. It is not significant because some of the lecturers very independent and they ignored the transactional leadership style, and they are keeping do their best to produce an appropriate outcome. This study supported by Howell that transactional measures of leadership, including contingent reward and management by exception (active and passive), were each negatively related to business-unit performance. (Howell and Avolio 1993)

In term of the effects of transformation leadership style on Politeknik Negeri Nunukan performance, it is examined that transformational leadership style reflected by inspirational motivation has positive effect on Politeknik performance reflected by outcomes, but it is not significant, because only some the leaders in Politeknik Negeri Nunukan have an appropriate leadership or inspirational figures, so it leads a few effects on the lecturer's outcomes. It will be change when the leaders improve their transformation leadership skill. This study supported by Shahhosseini and Ejere that transformational leadership style was correlated with job performance) and (Ejere and Ugochukwu 2013) 30 %

The effects of lecturer working satisfaction reflected by physical satisfaction on Politeknik Negeri Nunukan reflected by outcomes is positive significant. It is, because almost all the lecturers in Politeknik Negeri Nunukan already have more than 10 years teaching experience with their own fixed income every month. Now, they already fulfil their needs, both tangibles and intangible. It leads they attempt to improve their outcome, especially in journal publication and lecturing innovation.

Regarding to indirect effects, it is determined

that transactional and transformational leadership style has positive effect on Politeknik Negeri Nunukan performance via lecturer working satisfaction, but it is not significant. It is reasonable, because most of the lecturers focused on their own working satisfaction, and they ignored the leadership style whether it is transactional leadership style or transformational leadership style. It supported by study undertaken by Sarros that there is significant indirect effects between organizational structure and work alienation, and between organizational structure and transformational leadership or transactional leadership style. (Sarros, Tanewski et al. 2002)

V. CONCLUSION

It could be concluded some results that transactional and transformational leadership style have no significant effect on lecturers working satisfaction and Politeknik Negeri Nunukan performance. It means although the company has already implemented both transactional leadership and transformational leadership but it was not running well. It is because the employees or officers usually ignored with what type of his leader, as long as they have enough salary they will ignore it.

Actually, only lecturers working satisfaction has significant effect on Politeknik Negeri Samrinda performance. It means all of the employees concern with their felling. Since they are fell happy and attractive they will get motivation or spirit for improving their performance.

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