Leadership Effect and Work Motivation to Employee's Performance with Work Satisfaction as a Mediation Variable (Study in the Denpasar City Regional Agency)

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Abstract:

This study aims to analyze the influence of leadership, work motivation, on performance mediated job satisfaction. The increase in job satisfaction for employees certainly has an impact on the performance shown. There are differences between employees who have satisfaction with those who don't. Employees who feel satisfaction in their work tend to have a better record of attendance and adherence to regulations. These employees also usually have better achievements than employees who do not have satisfaction in their jobs. Employees who feel satisfied with their work have a greater chance to talk about positive things about their organization, help others and make their performance exceed normal estimates. The sample in this study were 58 employees of the Denpasar City Revenue Agency. Testing of model suitability through validation testing on PLS. Research results show leadership has a positive and significant effect on employee job satisfaction. Work motivation has a positive and significant effect on employee job satisfaction. Leadership has a positive and insignificant effect on employee performance. Work motivation has a positive and significant effect on employee performance. Job satisfaction has a significant positive effect on employee performance.

I. Introduction:

Good performance is an expectation for all companies and institutions, because a good employee performance is expected to improve the overall performance of the company. Employee performance according to Mangkunegara (2012) is a term derived from the word Job Performance or Actual Performance (work achievement or actual achievement achieved by someone), performance (work performance) is "the work results in quality and quantity achieved by an employee in carrying out his duties in accordance with responsibility given to him ". Employee performance is a measure that can be used to determine the comparison of the results of the implementation of tasks, the responsibilities given by the organization at a certain relative period can be used to measure work performance or organizational performance (Utama, Saptan, & Yuesti, 2018). The performance or work performance of an employee is basically the work of an employee for a certain period of time compared to various possibilities, for example standards, targets or other criteria that are
determined in advance and have been agreed upon (Gibson 2008).

In the context of government bureaucracy, the performance of the apparatus must also be driven by a high spirit of spirituality in shaping the work ethic of the apparatus as an attitude, manner of action, and perception of a work. So that employee behavior manifested in the form of performance is met by the needs of spirituality. According to Giacalone and Jurkiewicz (2005), spirituality in work is defined as a framework of organizational cultural values that encourage employee experience through work processes, facilitating feelings of complete and happy. Litzey (2003) argues that spirituality in work is about efforts to express one's desire to seek meaning and purpose in life and is a process of reviving a set of personal values that are very much held by someone. The Regional Revenue Office of the City of Denpasar as an organization is the spearhead in increasing PAD (Regional Original Revenue), because in this era of regional autonomy, one of the benchmarks for the success of regional government is also determined by the achievement of annual tax and restitution targets. Based on data, the realization of tax always exceeds the target, it can be said that the performance of employees at the Denpasar City Revenue Service has gone well. But there are some taxes. There is an advertisement tax that does not meet the target because of Perwali Number 14 of 2013 concerning a moratorium on advertisement tax permits, which means that all licenses and advertisement taxes from June 1, 2013 to June 1, 2014 were not issued which impacted on the advertisement's tax target.

The success of an organization is also inseparable from the quality of its leaders, because qualified leaders are able to utilize existing resources in the company, have the ability to direct the activities of subordinates they lead, anticipate all changes that occur suddenly, can correct all weaknesses there is, able to bring the organization to the agreed objectives within a predetermined period of time. According to Raharjo and Purbudi (1997: 66) the success and failure of a company or organization is determined by leadership, an effective form of leadership will have an impact on the progress of the company or organization in facing challenges and changes that occur. A good leader is able to utilize all human resources, so leadership is an important part in improving employee performance at the company.

Leadership as a science that is used to influence other people or groups of individuals to work together, in order to achieve organizational goals will greatly determine the satisfaction of the people they lead. A leader needs to have various strengths that must be possessed compared to other members. With these advantages, it is expected that leaders will have authority so that they are obeyed by their followers, thus it can be said that leadership will relate to a process of social influence that will be followed by subordinates (Septiadi, & Yuesti, 2018).

Reform in developing good governance will show outstanding performance and prioritize good governance because of high integrity and progressive leadership. The performance of government or business is highly dependent on leadership factors with high integrity and adaptability (Soerjono Soekanto, 2002 in Handayani 2010). The success of a leader in influencing behavior is much influenced by leadership style. There are two things that are usually done by leaders to subordinates or followers, namely directing and supporting behavior. The success of government performance when assessed by the accountability approach is influenced by the level of performance of employees both in groups and individually, where it is assumed that the better the performance of employees, the better performance of the organization is expected.

Besides leadership, another thing that can affect employee performance is motivation. Cong and Van (2013) define motivation as a set of factors that cause a person or employee to do their job in a special way. Employees with high motivation will be enthusiastic in their work, this will be able to improve their performance (Beal and Steven, 2007).
EK and Mukuru (2013) in their study stated that there is a strong relationship between motivation and employee performance. Motivated employees will feel satisfaction in working so that they can improve their performance and influence in providing services (Sarwar and Abugre, 2013) to the community in accordance with the fields of their respective departmental duties and functions.

Work motivation is a mental attitude or condition of a person where the person feels moved to do a job charged to him, so that it can influence the ability and ability of employees to do work. Motivation has the potential as one of the most important tools in shaping job satisfaction and influencing employee performance.

Based on the phenomenon in the background, it is deemed necessary to conduct research to analyze the influence of leadership and work motivation on employee performance with job satisfaction as a mediating variable (Study on the Regional Revenue Agency of Denpasar City).

II. Literature Review:

Leadership

Leadership is a translation of leadership, according to Hasibuan (2011) leadership is the way a leader influences the behavior of subordinates to be willing to work together and work productively to achieve organizational goals. Leadership as a group of processes, personality, fulfillment, certain behaviors, persuasion, authority, achievement of goals, interactions, differences in roles, initiation of structures, and combinations of two or more of these things (Luthans, 2006). Khuntia and Suar (2004) state that all theories regarding leadership emphasize three ideas that are built together or separately, namely: (1) leader rationality, behavior, and personality; (2) followers' rationality, behavior and personality; and (3) factors related to the implementation of tasks, organizational climate, and culture. Then it can be concluded that leadership is the way a leader influences subordinates to be able to work and work together and know the personality and behavior of subordinates to achieve organizational goals.

Job satisfaction

According to Handoko (2009: 87) states job satisfaction as a pleasant or unpleasant emotional state with which employees view their work. Job satisfaction reflects a person's attitude towards his job. This is evident in the employee's positive attitude towards work and everything that is faced in his work environment. The personnel department or management must constantly monitor job satisfaction, because this can affect absenteeism, labor turnover, morale, complaints and other vital personnel issues.

According to Malthis (2008: 107) job satisfaction is a positive emotional state of evaluating one's work experience. Job dissatisfaction arises when these expectations are not met. Job satisfaction has many dimensions, in general, satisfaction is in the job itself, salary, recognition, relationship between...
supervisor and labor, and the opportunity to progress. Every dimension produces an overall feeling of satisfaction with the work itself. The absolute level of satisfaction is not there, because each individual employee has a different standard of satisfaction. Indicators of job satisfaction can be measured by discipline, work morale, and small labor turnover, so the employee's job satisfaction is relatively good but vice versa if discipline, work morale and labor turnover are large, then the job satisfaction of employees at the company is considered less. So it can be concluded here that job satisfaction is a pleasant or unpleasant emotional state from evaluating one's work experience.

**Employee performance**

Performance is a term derived from the word Job Performance or Actual Performance (work performance or actual achievement achieved by someone). Performance (work performance) is "the results of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him" (Mangkunegara, 2012). According to Kusriyanto (1991) in Mangkunegara (2012) employee performance is a comparison of the results achieved with the participation of labor unity time (usually per hour). Sedarmayanti and Hidayat (2003) say Performance is the result of work that can be achieved by someone, or a group of people in an organization, in accordance with their respective authority and responsibility in trying to achieve organizational goals legally, not violating the law and in accordance with morals or ethics. Whereas according to Rivai (2005) performance is a real behavior that is displayed by everyone as the work performance produced by employees in accordance with their role in the company. From some of the material it can be concluded that performance is the work of an employee in carrying out his duties and responsibilities to achieve organizational goals.

The structural relationship of the five research variables can be presented as follows:

![Figure 1: Research Model](image)

H1: Leadership has a positive effect on employee performance

H2: Work motivation has a positive effect on employee performance

H3: Leadership has a positive effect on job satisfaction

H4: Work motivation has a positive effect on job satisfaction.

H5: Job satisfaction has a positive effect on employee performance.

**III. Method:**

The approach used in this study is a quantitative approach, which is an approach in which the hypothesis is proven based on quantitative information obtained from measurement data. Quantitative approach is a research approach that works with numbers, data in the form of numbers, analyzed using statistics to answer questions or test research hypotheses that are specific in nature and to predict that a particular variable affects other variables (Creswell, 2002). As stated by Popper in Henn et. al. (2009) that the positivist approach has two characteristics namely emphasizing general theory (case) in a special case (case), and the
leadership, work motivation, and employee performance through job satisfaction in the Regional Revenue Agency of Denpasar City. In this study, the samples were 58 employees of the Denpasar City Revenue Agency. Thus, 58 employees were used as samples in this study. In other words, this study uses the census method. Testing of the suitability of the model through validation testing on PLS is done by the goodness-of-fit outer model. The measurement model or outer model is evaluated with convergent and discriminant validity from the indicator and composite reliability for the indicator block.

IV. Result And Discussion:

**Hypothesis testing**

Analysis using Partial Least Square is a SEM method that is non-parametric, so it does not require assumptions and is relatively critical for small samples. To carry out the influence test in the PLS analysis criteria are used by t-statistics. The causality relationship between 2 variables was concluded to have a significant or significant effect if the value of t-statistics > 1.64 (for one-way / one-tailed research).

Hypothesis testing is done by t test on each pathway, partially direct effect and indirect effect with mediation test. Related to this test, hypothesis testing can be divided into testing direct and indirect effects or testing mediating variables. In the following section, the results of direct effect testing and testing of mediating variables are described respectively.

**Testing of Direct Effects and Non Direct Effect**

The basis used in testing hypotheses is the value found in the result for inner weight output. The results of testing the hypothesis in this study are presented in Figure 2 below:

**Figure 2 Result for inner weight**

Based on Figure 2 above, the results of direct effect testing are presented in a table of results of direct effect testing which can be seen in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1 Direct Effects Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Effect</strong></td>
</tr>
<tr>
<td>Leadership -&gt; Employee performance</td>
</tr>
<tr>
<td>Work motivation -&gt; Employee performance</td>
</tr>
<tr>
<td>Leadership -&gt; Job satisfaction</td>
</tr>
<tr>
<td>Work motivation -&gt; Job satisfaction</td>
</tr>
<tr>
<td>Job satisfaction -&gt; Employee performance</td>
</tr>
</tbody>
</table>

**Hypothesis Testing 1: The Effect of Leadership on Employee Performance**

Hypothesis 1 states that leadership has a positive effect on employee performance. The results of the parameter coefficient test between leadership and employee performance show a positive relationship with a coefficient of 0.174 with a T-statistic value of 1.224. The t-statistic value is below the critical value of 1.64, so that (H1): which states that leadership has a significant positive effect on employee performance is rejected. The same results were also obtained in the Sukmasari study (2011) with the title Effect of Leadership, Motivation,
Incentives, Work Environment on Employee Performance at the Semarang Regional Financial and Asset Management Service which stated Leadership had no significant effect on employee performance in Semarang City DPKAD

**Hypothesis Testing 2: Effects of work motivation on employee performance**

Hypothesis 2 states that work motivation has a positive effect on employee performance. The results of the parameter coefficient test between work motivation and employee performance show a positive relationship with a coefficient of 0.405 with a T-statistic value of 3.001. The t-statistic value is above the critical value of 1.64, so (H2): which states that work motivation has a significant positive effect on employee performance is acceptable. The same results were also obtained in Juliati’s research (2012) with the title Effect of Motivation and Job Satisfaction on Employee Performance at the Cirebon branch of Bank Muamalat Indonesia which stated Work Motivation had a positive and significant effect on employee performance at Bank Muamalat Indonesia, Cirebon branch

**Hypothesis Testing 3: The Effect of Leadership on Job Satisfaction**

Hypothesis 3 states that leadership has a positive effect on employee job satisfaction. The result of the parameter coefficient test between leadership and job satisfaction shows a positive relationship with a coefficient of 0.565 with a T-statistic value of 5.428. The t-statistic value is above the critical value of 1.64, so (H3): which states that leadership has a significant positive effect on job satisfaction is acceptable. The same results were also obtained in Ginandjar's research (2010) with the title Effect of Leadership on Employee Job Satisfaction at Panghegar Hotel Bandung which stated Leadership had a positive and significant effect on Job Satisfaction at Panghegar Hotel Bandung

**Hypothesis Testing 4: The Effect of Work Motivation on Job Satisfaction**

Hypothesis 4 states that work motivation has a positive effect on employee job satisfaction. The results of the parameter coefficient test between work motivation and job satisfaction show a positive relationship with a coefficient of 0.366 with a T-statistic of 3.200. The t-statistic value is above the critical value of 1.64, so (H4): which states that work motivation has a significant positive effect on job satisfaction is acceptable. The same results were also obtained in Wijayanti's research (2013) with the title Motivation on Job Satisfaction in KPRI Pertaguma Employees in Madiun City who stated Work Motivation had a positive and significant effect on Job Satisfaction in KPRI Pertaguma Employees in Madiun City.

**Hypothesis Testing 5: Effect of Job Satisfaction on Employee Performance**

Hypothesis 5 states that job satisfaction has a positive effect on employee performance. The test results of the parameter coefficient between job satisfaction and employee performance show a positive relationship with a coefficient of 0.357 with a T-statistic of 2.359. The t-statistic value is above the critical value of 1.64, so (H5): which states that job satisfaction has a significant positive effect on employee performance can be accepted. The same results were also obtained in Rizkiyandi's study (2015) with the title Effect of Job Satisfaction on Employee Performance at PT. Dwimulya Fajar Perkasa Ciputat Tanggerang which states job satisfaction has a positive and significant effect on employee performance Employees at PT. Dwimulya Fajar Perkasa Ciputat Tanggerang.

**Table 2 Direct, Indirect and Total Effect Calculations**

<table>
<thead>
<tr>
<th>No</th>
<th>Variable Relationships</th>
<th>Direct Effect</th>
<th>Non Direct Effect</th>
<th>Total Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leadership -&gt; Employee performance</td>
<td>0.565</td>
<td></td>
<td>0.565</td>
</tr>
<tr>
<td>2</td>
<td>Work motivation -&gt; Employee performance</td>
<td>0.174</td>
<td>0.201</td>
<td>0.375</td>
</tr>
<tr>
<td>3</td>
<td>Leadership -&gt; Job satisfaction</td>
<td>0.357</td>
<td></td>
<td>0.357</td>
</tr>
<tr>
<td>4</td>
<td>Work motivation -&gt; Job satisfaction</td>
<td>0.366</td>
<td></td>
<td>0.366</td>
</tr>
<tr>
<td>5</td>
<td>Job satisfaction -&gt; Employee performance</td>
<td>0.405</td>
<td>0.130</td>
<td>0.534</td>
</tr>
</tbody>
</table>
The information obtained from Table 2 above the mediating effect of the variable job satisfaction on the indirect influence of leadership on employee performance is greater, namely with a path coefficient of 0.201 compared to the mediating effect of job satisfaction variables on the indirect effect of work motivation on employee performance with path coefficients produced at 0.130. Thus overall, the path of work motivation job satisfaction employee performance is greater with the total effect obtained at 0.549, compared to the leadership path job satisfaction employee performance. This gives an indication of the better leadership that is applied to employees, it will be able to increase employee job satisfaction, so that later can improve performance than employees of the Regional Revenue Office of the City of Denpasar.

Based on Figure 2 above, it can be seen that leadership variables do not have a significant effect on employee performance. But leadership has a significant effect on job satisfaction, so indirectly leadership influences employee performance through job satisfaction. This means that the influence of leadership on employee performance through job satisfaction is included in the full mediation category while the effect of work motivation on employee performance through job satisfaction is included in the category of partial mediation. However, leadership that is able to satisfy employees turns out to have a greater effect on improving employee performance than work motivation on employee performance through mediating job satisfaction.

V. Conclusion And Suggestion:

Conclusion:

Based on the discussion of research results, it can be concluded that the influence of leadership and work motivation on job satisfaction and employee performance are as follows:

1. Leadership has a positive and significant effect on employee job satisfaction, this means that the better the application of leadership to the Regional Revenue Agency of the City of Denpasar will be able to increase job satisfaction than employees. Likewise, the opposite applies bad leadership implementation, the lower the level of employee job satisfaction.

2. Work motivation has a positive and significant effect on employee job satisfaction. This means that the higher the level of work motivation of employees will be able to increase job satisfaction than the employee. Likewise, conversely, the low level of work motivation will reduce job satisfaction than the employee.

3. Leadership has no significant positive effect on employee performance, this means that the application of leadership to the Regional Revenue Agency of the City of Denpasar has not been able to improve performance than employees.

4. Work motivation has a positive and significant effect on the performance of employees of the Denpasar City Revenue Agency. This means that the higher the work motivation level of the employee will be able to improve the performance of the employee. Likewise, conversely, the low level of work motivation will reduce the performance of the employee.

5. Job satisfaction has a significant positive effect on employee performance at the Regional Revenue Agency of the City of Denpasar. This means that employees who have a high level of job satisfaction, the performance of these employees will also increase. Likewise vice versa the lower the level of employee job satisfaction, the employee's performance will decline as well.

Suggestion:

Based on these conclusions, the suggestions that can be conveyed in this study are as follows:

1. In optimizing the achievement of employee performance at the Regional Revenue Agency of the City of Denpasar should pay more attention and increase the implementation of better employee performance. Therefore, efforts need to be made to develop and develop
employee performance by prioritizing the application of consulting leadership within agencies, where this is not in accordance with the reality that occurs, employees respond more to the leadership of the delegation as indicated by the highest average score. Thus, the application of leadership to the Regional Revenue Agency of the City of Denpasar is not sufficient. The results of this study provide input for agencies to further enhance the application of consulting leadership, and continue to seek instruction, participation, delegation and control, so that employee performance becomes increasingly increasing.

2. In improving employee performance there needs to be work motivation felt by employees. By paying attention to the aspects of providing incentives received by employees that are in accordance with the results of the analysis but different from the responses of the respondents where it creates a sense of security in the future get the highest average value of the six indicators of work motivation. The results of this study provide input to the Regional Revenue Office of the City of Denpasar to pay more attention to the incentives received by employees to be able to increase work motivation but still strive for wages or salaries, maintain self-esteem, fulfill spiritual needs, fulfill participation needs, place employees in appropriate places, creating a sense of security in the future, paying attention to the workplace environment, paying attention to opportunities to progress, and creating healthy competition so that employee performance will increase.

3. In improving employee performance there needs to be a sense of job satisfaction felt by employees. By paying attention to the content aspect of the work received by the employee according to the results of the analysis but different from the respondent's response where the co-worker gets the highest average value of the six job satisfaction indicators. The results of this study provide input to the Regional Revenue Office of the City of Denpasar to pay more attention to the content of work received by employees to be able to increase job satisfaction but still strive to supervise, opportunities for advancement, coworkers, organization and management and employment conditions so that employee performance increases.

4. For the next researcher can replicate this research model through a longitudinal approach model (from time to time) and allows use in other companies. In addition, the next researcher can modify the research model by adding and developing indicators and other variables. This is based on that leadership, work motivation and job satisfaction of one company is different from the other companies.

Reference: