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Original Article

Effect of Leadership Style and Job Satisfaction on Employee Performance: Evidence from Indonesia Honorary Staff

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Abstract

This study investigates the impact of leadership style and job satisfaction on employee performance within the General Section of the Regional Secretariat of the Serdang Bedagai Regency. Multiple linear regression analysis was employed to examine the relationships between variables using questionnaires, interviews, and literature reviews for data collection. The findings reveal that leadership style in a department is categorized as high or good, significantly influencing employee performance. It aligns with the theoretical expectation that appropriate leadership is crucial for enhancing employee performance, particularly when performance declines. Surprisingly, contrary to expectations, job satisfaction was classified as low and did not significantly affect employee performance. The study concludes that leadership style and job satisfaction are well received in the General Section, as evidenced by their highly descriptive classification. These factors collectively and simultaneously influence employees' performance. This research recommends addressing and fulfilling employees' needs to improve job satisfaction and potentially impact performance. This study contributes to understanding Human Resource Management practices in a specific organizational context by highlighting the importance of effective leadership and the need for strategies to enhance job satisfaction. These findings provide valuable insights for managers and policymakers in developing targeted interventions to improve employee performance in similar organizational settings.

1. Introduction

Human Resource Management is crucial for effectively managing and organizing employees in various fields. The personnel department plays a significant role in overseeing employee management and the organization in specific areas. In the era of globalization, the personnel function has expanded to encompass a broader range of responsibilities, including employee selection, training, placement, and promotion. This expanded role aims to maximize the potential output of an organization's human resources. Employee performance has become a key driver of organizational activities.

Rivai (2011) defined performance as an individual's achievement in executing their duties or work following established job standards and criteria. When employees meet performance standards, they contribute to the smooth operation of a company. However, this must be complemented by supervisory oversight to ensure that employees fulfil their responsibilities.

Various factors influence employee performance, including self-confidence, compensation, work motivation, leadership style, work environment, supervisory incentives, social security, group cooperation, and job characteristics. This study focuses on the impact of leadership style and social security on employee performance. Leadership plays a central role in organizational and group dynamics. To achieve common objectives, individuals within organizations must foster cohesion by following the guidance of their leaders.

This leadership control helps align diverse desires, wills, feelings, and needs in a shared direction,

effectively utilizing individual differences to pursue common goals. As an individual, a leader interacts with multiple personalities within an organization. Dissatisfied employees may resist leadership and engage in counterproductive behaviour. Therefore, human resources are a critical component of any organization or company, and organizational development is closely tied to HR performance. Employee satisfaction is often reflected in the success of the implemented programs.

Table 1. Employee Performance Target

Strategy(es)	Program Target	Target	Percentage
Increasing the quality of Honorary Employees in the Office	Apparatus Resource Capacity Building Program	1 year	80%
Household Program	Facilities and equipment	1 year	90%
Leadership Adjustments	Apparatus Policy Harmony Program	1 year	79%

Source: Serdang Bedagai General Section (2020).

The democratic and open leadership style employed by the department head will likely enhance employees' job satisfaction, potentially leading to optimal work performance and positively impacting institutional development. However, this phenomenon is not without challenges, as some employees remain dissatisfied with certain aspects of the leadership approach. Notably, concerns have been raised regarding the pressure exerted during report acceleration. To address this issue, supervisors should focus more on providing motivation rather than applying pressure, creating a more comfortable environment for employees to complete their tasks.

This study investigates the impact of leadership style and job satisfaction on the performance of honorary employees in the general section of the regional secretariat of Serdang Bedagai Regency. The research aims to enhance the researcher's understanding of these relationships by applying theoretical knowledge acquired during academic coursework to practical scenarios. Furthermore, this study seeks to contribute valuable insights and serve as a reference for future research in related fields, particularly those focusing on the work environment. By comparing theoretical concepts with real-world practices, the findings may provide actionable recommendations for improving organizational effectiveness within the agency.

2. Literature Review

2.1. Human Resource Management

Human Resource Management (HRM) encompasses a range of activities aimed at optimizing individual and organizational objectives through strategic human capital management. Handoko (2017) posits that HRM involves human resource recruitment, selection, development, retention, and utilization. Efendi & Suharsono (2019) further elucidate that HRM encompasses processes such as the acquisition, training, evaluation, and compensation of employees and the management of labor relations, occupational health and safety, and equity-related matters. Hasibuan (2017) expanded this concept by delineating the functions of HRM into managerial and operational categories, which include planning, organizing, directing, and controlling human resources within an organization.

2.2. Leadership Style

Leadership style is crucial in shaping organizational dynamics, influencing work passion, job satisfaction, and employee productivity, ultimately contributing to achieving organizational goals (Hasibuan, 2017). These styles can be differentiated based on their approach to motivation, power distribution, or orientation towards specific tasks or individuals. Ameilia & Marlianingrum (2022) categorized leadership styles into two extreme categories: the autocratic leadership style, characterized by position-based power and authoritative decision-making, and the democratic leadership style, which emphasizes personal power and encourages follower participation in problem-solving and decision-making processes.

2.3. Job Satisfaction

As posited by Hughes (2006), job satisfaction encompasses an individual's emotions and attitudes regarding various aspects of their employment, including the nature of work, compensation, opportunities for advancement and education, supervisory relationships, interactions with colleagues, workload, and other related factors. Hughes further contends that job satisfaction is intrinsically linked to one's attitude towards work, emphasizing its significance for organizational leaders due to several practical implications. Gilmer (2002) and Halomoan (2020) identified key factors influencing job satisfaction, including opportunities for career advancement, willingness to engage in work-related tasks, remuneration, and overall organizational structure and management practices.

2.4. Performance

Performance refers to an employee's achievement, measured against standards or criteria established by the company. The concepts of performance and workplace performance are multifaceted. Ortega et al. (2023) define it as outcome records of the function of a particular job or employee activity during a certain period. Mangkunegara (2011) suggests that

performance appraisals serve as a basis for decision-making regarding promotions, dismissals, and remuneration. Performance evaluations serve multiple purposes within an organization. They assess an employee's ability to complete tasks, providing a foundation for evaluating the effectiveness of various organizational aspects, including training programs, work schedules, methods, structures, supervisory styles, and working conditions. These assessments also help identify training needs, motivate employees to achieve better performance, and highlight areas for improvement in employee skills and abilities. Performance evaluation plays a crucial role in human resource management. They serve as criteria for employee selection and placement and provide a basis for enhancing job descriptions and responsibilities. Organizations can continuously improve their workforce and overall operational efficiency by systematically evaluating performance.

3. Materials and Methods

Data collection techniques are carried out using questionnaires, which are several questions or written statements about factual data or opinions related to respondents. These are considered facts or truths that are known and need to be answered by respondents. An interview is a data collection technique if the researcher wants to conduct a preliminary study to find the problem to be investigated, but also if the researcher wants to know things from the respondent more deeply. According to Moh & Sikmumbang (2013), literature study is a data collection technique that involves studying books, literature, notes, and reports related to the problem being solved.

According to Ghozali (2011), multiple linear regression analysis is used to determine whether there is an influence between the independent and dependent variables. In multiple linear regression analysis, there is more than one independent variable to be tested by using a significant level of 5%. The equation for multiple linear regressions used is $Y = a + B1 X1 + B2X2 + e$.

4. Results and Discussion

The acquired data were subjected to rigorous testing using classical methods to ensure robust results. Subsequently, multiple linear regression analysis techniques were employed to analyze the data. Hypothesis testing was conducted to examine the influence of independent variables on the dependent variable. In addition, the coefficient of determination was calculated to quantify the extent to which the independent variable contributed to the variation in the dependent variable.

4.1. Classic Assumptions

The classical assumption will be tested first before the hypothesis is tested in this study. The classical assumption test consists of normality, multicollinearity, and heteroscedasticity tests.

4.1.1. Normality Test

The normality test aims to test whether the confounding or residual variables have a normal distribution in the regression model (Ghozali, 2016). Testing the normality of the data can be done using two methods: graphs and statistics.
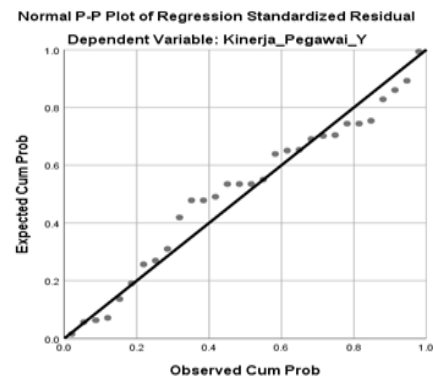

Figure 1. Normal P Plot

The normal distribution of the data is shown by a straight diagonal line in Figure 1. To assess normality, residual data were plotted and compared against this diagonal line. If the residuals follow a normal distribution, the actual data line will closely align with the diagonal reference line (Ghozali, 2016).

4.1.2. Multicollinearity Test

The multicollinearity assessment aims to identify potential correlations among the predictor variables within the regression model. This study evaluated multicollinearity by examining the tolerance values and variance inflation factors (VIF).

Table 2. Result of Multicollinearity Test

Variable(s)	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Leadership Style	0.332	3.008
Work Satisfaction	0.332	3.008

a. Dependent Variable: Employee Performance

Table 2 demonstrates that the tolerance values for Leadership Style and Job Satisfaction were 0.332, exceeding the threshold of 0.10. Concurrently, the value of these variables, the Variance Inflation Factor (VIF), is 3.008, falling below the critical value of 10. These results indicate that all independent variables exhibit tolerance values greater than 0.10 and VIF values less

than 10, suggesting an absence of multicollinearity among the independent variables in the regression model.

4.1.3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether, from the regression model, there is an inequality of variance from the residuals of one observation to another. A good regression model is one with homoscedasticity or no heteroscedasticity. The Glaser test is one way to detect heteroscedasticity presence or absence. In the Glaser test, if the independent variable is statistically significant in influencing the dependent variable, heteroscedasticity is indicated.

Table 3. Result of Glaser Test

Variable(s)	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	1,653	1.192	1.387	0.177
Leadership Style	-0.118	0.109	-1,089	0.286
Work Satisfaction	0.073	0.123	0.588	0.561

Dependent variable: ABS Residual

The regression analysis results in Table 3 indicate the absence of heteroscedasticity. Furthermore, the findings reveal that none of the independent variables had a statistically significant effect on the dependent variable.

4.2. Multiple Linear Regression Analysis

The effects of Leadership Style and Job Satisfaction on Employee Performance were examined using a multiple linear regression analysis. This statistical approach elucidates the extent to which these variables contribute to employees' performance. The study employed the SPSS-25 software to conduct a multiple linear regression analysis. A detailed examination of each variable is presented in the subsequent sections.

Table 4 shows the results of the multiple regression analysis. The multiple linear regression equation has the formula $Y = a + b_1X_1 + b_2X_2 +$, so the equation is obtained: $Y = 3.053 + 0.482X_1 + 0.342X_2$.

Table 4. Result of Multiple Linear Regression

Variable(s)	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	3.053	1,882	1,623	0.116
Leadership Style	0.482	0.172	2.805	0.009
Work Satisfaction	0.342	0.195	1,760	0.09

4.3. Hypothesis Testing

4.3.1. Partial Analysis

The t-statistic test is also known as the individual significance test. This test shows how partially the influence of the independent variable is on the dependent variable.

Table 5. Result of Partial Analysis using t-statistics

Variable(s)	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	3.053	1,882	1,623	0.116
Leadership Style	0.482	0.172	2.805	0.009
Work Satisfaction	0.342	0.195	1,760	0.09

a. Dependent Variable: Employee Performance

Hypothesis testing examined the effects of leadership styles and job satisfaction on employee performance (Table 5). The results revealed that Leadership Style had a positive and significant impact on Employee Performance, with t-stat (2.805) exceeding the t-table (2.048) and a significance level of 0.00 < 0.05. This finding aligns with Hardianti (2016) research, which highlights the positive influence of democratic leadership on employee performance. Conversely, Job Satisfaction had no significant effect on Employee Performance. The t-statistic (1.760) was less than the t-table (2.048), with a significance value of 0.09 > 0.05.

This outcome contradicts the findings of Ibrahim & Meilany (2015), who reported a significant relationship between job satisfaction and employee performance, accounting for 74.1% of the variance in performance. These results suggest that although leadership style plays a crucial role in influencing employee performance, job satisfaction may not directly impact this context. Further research may be necessary to explore additional variables affecting employee performance in this organizational setting.

4.3.2. Simultaneous Analysis

The results presented in Table 6 reveal an F-statistic of 28.627, with degrees of freedom of 3 and 27 for the numerator and denominator, respectively, at a significance level of 5%. The corresponding critical F-value from the F-distribution table was 3.35. Given that the calculated F-statistic (28.627) exceeds the critical F-value (3.35) and the observed significance value (p < 0.001) is less than the predetermined alpha level of 0.05, we can conclude that the third hypothesis is supported. This finding indicates that the Leadership Style and Job Satisfaction variables collectively exert a statistically significant and positive influence on employee performance.

Table 6. Result of Simultaneous Analysis using F-test

	Sum of Squares	df	Mean Square	F	Sig.
Regression	78,940	2	39,470	28,627	.000b
Residual	37,227	27	1.379		
Total	116,167	29			

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Job Satisfaction, Leadership Style

4.4 Coefficient of Determination

The value used to see the coefficient of determination in this study is in the adjusted R square column. This is because the adjusted R square value is not susceptible to adding independent variables. The value of the coefficient of determination can be seen in the following table:

Table 7. Result of Coefficient Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.824a	0.680	0.656	1.174	1,579

a. Predictors: (Constant), Job Satisfaction, Leadership Style
b. Dependent Variable: Employee Performance

Table 7 indicates that the adjusted R-squared value is 0.656 (65.6 %). This suggests that Leadership Style and Job Satisfaction account for 65.6% of the variance in Employee Performance. In comparison, the remaining 34.4% is attributable to factors outside the scope of this research model, such as work motivation, spirit, and employment status. The findings revealed that Leadership Style significantly influences employee performance, whereas job satisfaction does not significantly impact. Furthermore, leadership style and job satisfaction collectively simultaneously affected employee performance within the General Section of the Regional Secretariat of Serdang Bedagai Regency.

5. Conclusions

This study concludes that the leadership style in the General Section of the Regional Secretariat of Serdang Bedagai Regency is categorized as high or good based on descriptive analysis. These findings indicate that leadership styles significantly influence employee performance. Theoretically, an appropriate leadership style is crucial for enhancing employee performance, particularly when employee performance declines. However, contrary to expectations, job satisfaction in the same department was classified as low and did not significantly affect employee performance. To improve job satisfaction, it is recommended that employees' needs be addressed and fulfilled, which could potentially have a substantial impact. The research further reveals that leadership style and job satisfaction in the General Section are well received, as evidenced by their high descriptive classification. These factors collectively and simultaneously influence employee performance in the studied context.

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