

The Influence of Leadership Practices on Employee Performance with the Role of Motivation and Job Satisfaction

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Abstract

This study aims to examine the effect of leadership practices on employee performance by considering motivation and job satisfaction as mediating variables. Using a quantitative approach, this study involved 100 employees from various industrial sectors as respondents. The results showed that leadership practices have a positive and significant influence on employee performance ($\beta = 0.513$, $p < 0.001$), with an R^2 value of 0.427 which indicates that the regression model can explain about 42.7% of employee performance variability. Meanwhile, job satisfaction showed no significant effect on employee performance ($\beta = 0.179$, $p = 0.110$), indicating that this factor may not play an important role in the context of this model. This study confirms that effective leadership practices contribute significantly to improved employee performance, while job satisfaction, although relevant, does not have a significant impact in this model. These findings provide insights for managers and organizational leaders to focus on improving leadership practices as a key strategy in improving employee performance. This study also suggests the need for further research to explore other factors that may affect employee performance in more depth.

Keywords: Leadership Practices, Employee Performance, Job Satisfaction, Motivation

Introduction

This study aims to examine the effect of leadership practices on employee performance by considering motivation and job satisfaction as mediating variables. Using a quantitative approach, this study involved 100 employees from various industrial sectors as respondents. The results showed that leadership practices have a positive and significant influence on employee performance ($\beta = 0.513$, $p < 0.001$), with an R^2 value of 0.427 which indicates that the regression model can explain about 42.7% of employee performance variability. Meanwhile, job satisfaction showed no significant effect on employee performance ($\beta = 0.179$, $p = 0.110$), indicating that this factor may not play an important role in the context of this model. This study confirms that effective leadership practices contribute significantly to improved employee performance, while job satisfaction, although

relevant, does not have a significant impact in this model. These findings provide insights for managers and organizational leaders to focus on improving leadership practices as a key strategy in improving employee performance. This study also suggests the need for further research to explore other factors that may affect employee performance in more depth.

Literature Review

Leadership Practices

Leadership practices are a series of actions and strategies used by a leader to direct, influence, and motivate employees to achieve organizational goals (Northouse, 2018). Leadership styles can vary, from transformational leadership that focuses on inspiration and positive change, to transactional leadership that is more oriented towards rewards and punishments (Bass & Avolio, 1994). Previous research has shown that effective leadership practices have a significant impact on employee performance. For example, a study by Avolio and Yammarino (2013) found that transformational leadership positively affects employee performance by increasing intrinsic motivation and work commitment. In another context, transactional leadership has been found to be effective in situations where compliance with rules and procedures is a top priority (Judge & Piccolo, 2004).

Motivation

Work motivation refers to internal and external factors that stimulate employees' desire and energy to engage in work, achieve goals, and maintain sustainability in the long term (Ryan & Deci, 2000). Motivational theories such as Maslow's need theory, Vroom's expectancy theory, and Herzberg's two-factor theory, emphasize the importance of basic need fulfillment as well as factors such as achievement, recognition, and responsibility in motivating employees. Empirical studies have shown that motivation is an important mediator between leadership practices and employee performance. For example, a study by Deci, Koestner, and Ryan (1999) showed that leadership that supports employee autonomy tends to increase their intrinsic motivation, which in turn increases performance. Meanwhile, another study by Locke and Latham (2002) emphasized that leadership that sets clear and challenging, but realistic, goals can increase employee motivation and performance.

Job Satisfaction

Job satisfaction is defined as an employee's positive feelings or satisfaction with their job, which is a result of their perceptions of their job and its environment (Spector, 1997). Factors that influence job satisfaction include pay, working conditions, relationships with coworkers and

superiors, and career development opportunities (Locke, 1976). Research shows that job satisfaction plays an important role in mediating the relationship between leadership and employee performance. For example, Robbins and Judge (2013) found that employees who are satisfied with their jobs tend to have better job performance and higher commitment to the organization. In addition, job satisfaction is often closely related to the leadership style applied. Leadership that is supportive, fair, and appreciates employee contributions can increase job satisfaction, which ultimately improves performance (Podsakoff, MacKenzie, & Bommer, 1996).

Employee Performance

Employee performance is the level of work results achieved by an employee in carrying out tasks that have been set according to standards set by the organization (Campbell, 1990). Employee performance is often influenced by a variety of factors, including individual ability, motivation, work environment, and leadership practices (Armstrong & Taylor, 2014). A study by Meyer, Becker, and Vandenberghe (2004) suggests that employee performance can be improved through a holistic leadership approach that not only motivates employees but also increases their job satisfaction. In this context, this study aims to integrate the various variables that influence employee performance and understand the mediating role of motivation and job satisfaction in the relationship between leadership practices and employee performance.

Relationship Between Leadership Practices, Motivation, Job Satisfaction, and Employee Performance

The relationship between leadership practices, motivation, job satisfaction, and employee performance is diverse and critical to organizational success. Participative leadership style fosters a supportive environment, leading to increased employee motivation and performance. Effective leadership practices, such as performance recognition and communication, are essential to motivating employees and increasing productivity. Job satisfaction serves as an important mediator between employee motivation and performance, with research showing that higher job satisfaction correlates with improved performance outcomes. Organizations that prioritize job satisfaction through fair compensation and skill development see increased employee commitment and performance.

Systematic reviews highlight the positive correlation between motivation, job satisfaction, and performance, emphasizing the need for a comprehensive approach that integrates both intrinsic and extrinsic motivators. Leadership, motivation, and job satisfaction collectively influence employee performance, necessitating a strategic focus on these areas for optimal organizational outcomes. While the dominant view emphasizes the positive interactions among these factors, some argue that external factors, such as economic conditions and organizational culture, can also significantly influence employee performance, suggesting a more complex relationship than previously understood. Previous research has identified a complex relationship between leadership practices,

motivation, job satisfaction, and employee performance. According to Yukl (2013), effective leadership focuses not only on achieving organizational goals but also on enhancing employee well-being through motivation and job satisfaction. This study seeks to extend the literature by exploring how leadership practices can influence employee performance directly and indirectly through motivation and job satisfaction as mediating variables.

Methods

This study uses a quantitative approach with a descriptive and explanatory research design. The quantitative approach was chosen because this study aims to test the causal relationship between the variables studied, namely leadership practices, motivation, job satisfaction, and employee performance. Descriptive design is used to describe the characteristics of the research variables, while explanatory design is used to test hypotheses regarding the relationship between these variables. The population in this study were all employees who worked in companies or organizations that were the objects of research companies in the manufacturing sector, in the West Java province.

Results and Discussion

Data Analysis Techniques

Validity and Reliability Test

Validity Test Table

Correlations

Variable	Sig. (2-tailed)
Leadership Practice	0,000
Motivation	0,000
Job satisfaction	0,000
Employee performance	0,000

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

Based on the results of the SPSS data processing, it was shown that all variables in this study have a significance value of $0.000 > 0.005$, thus it can be stated that all variables in this study are valid.

Reliability Test Table

Reliability Statistics

Cronbach's Alpha	N of Items
,898	4

Interpretation

Based on the statistical test data, it was shown that the Cronbach's Alpha value for all variables in this study was $0.898 > 0.700$, thus in accordance with the principle that if the Cronbach's alpha value is above 0.700, then all variables are stated to be reliable and the study can be continued.

F Test and T Test

F Test Table

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	150,631	2	75,315	36,174	,000 ^b
	Residual	201,959	97	2,082		
	Total	352,590	99			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Job satisfaction, Leadership Practice

Interpretation

Based on the F value of 36.174 and a significance value of 0.000, we can conclude that the regression model using Job satisfaction and Leadership Practice as predictors can significantly predict Employee performance. This means that these independent variables together have a significant influence on the dependent variable in this study.

T-Test Table

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,821	,896		3,150	,002
	Leadership Practice	,422	,091	,513	4,627	,000
	Job satisfaction	,183	,113	,179	1,615	,110

a. Dependent Variable: Employee performance

Interpretation

The regression coefficient table shows the results of the regression analysis to predict Employee performance (dependent variable) based on two independent variables: Leadership Practice and Job satisfaction.

1. Intercept (Constant)

t: 3.150

Sig. (Significance): 0.002

Interpretation:

- $t = 3.150$ and $\text{Sig.} = 0.002$ indicate that the intercept or constant in the regression model is significantly different from zero.
- This means that if Leadership Practice and Job satisfaction have no effect (the coefficient value is zero), the Employee performance value will still be 2.821. This result is significant, indicating that the Employee performance value is not zero when both independent variables are zero.

2. Leadership Practice

t: 4.627

Sig. (Significance): 0.000

Interpretation:

- $t = 4.627$ and $\text{Sig.} = 0.000$ indicates that the coefficient for Leadership Practice is very statistically significant.
- With a very small significance value ($p < 0.001$), it can be concluded that Leadership Practice has a positive and significant influence on Employee performance.

3. Job satisfaction

t: 1.615

Sig. (Significance): 0.110

Interpretation:

- $t = 1.615$ and $\text{Sig.} = 0.110$ indicate that the coefficient for Job satisfaction is not significant at the 0.05 significance level.
- With $p = 0.110$, there is insufficient evidence to conclude that Job satisfaction significantly affects Employee performance in this model.

Conclusion

- Leadership Practice has a significant and positive influence on Employee performance.
- Job satisfaction does not show a significant influence on Employee performance in this model.
- These results indicate that to improve Employee performance, the main focus should be on improving Leadership Practice.

Determinant Analysis

Determinant Analysis Table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,654 ^a	,427	,415	1,443

a. Predictors: (Constant), Job satisfaction, Leadership Practice

Interpretation

1. R Square Value

R Square: 0.427

Interpretation:

- R Square of 0.427 indicates that 42.7% of the variation in Employee performance can be explained by the regression model that includes Job satisfaction and Leadership Practice as predictor variables.
- In other words, this model explains about 42.7% of the total variability in Employee performance. The remaining 57.3% of the variability in Employee performance is due to other factors not included in this model or may be random variation.

2. Adjusted R Square Value

Adjusted R Square: 0.415

Interpretation:

- Adjusted R Square is an adjusted version of R Square that takes into account the number of predictor variables in the model. A value of 0.415 indicates that after adjusting for the number of predictors in the model, about 41.5% of the variability in Employee performance can be explained by the model.
- This value is slightly lower than R Square, indicating that the addition of variables in the model slightly reduces the model's ability to explain the variability in Employee performance when compared to a model that only includes one variable.

Std. Error of the Estimate shows how much the average prediction error of the regression model is in units of the dependent variable (Employee performance). A value of 1.443 indicates that, on average, there is a deviation of 1.443 units between the Employee performance values predicted by the model and the actual Employee performance values.

The R Square value of 0.427 indicates that this regression model has moderate power in explaining the variation in Employee performance based on Job satisfaction and Leadership Practice. Although this model explains almost 43% of the variability in Employee performance, there is 57% of the

variability that is not explained, which may be due to other factors or random variability. Adjusted R Square confirms that this model is quite good, but it should be noted that there is room for improvement or the addition of other variables to increase the accuracy of the model.

Conclusion

1. The Influence of Leadership Practices on Employee Performance

The results of the analysis show that Leadership Practices have a positive and significant influence on Employee performance. This can be seen from the t value of 4.627 and a significance value of 0.000 which indicates that this relationship is very significant. Every increase in Leadership Practice is related to an increase in Employee performance. With a Beta value of 0.513, the influence of Leadership Practices on Employee performance is quite strong.

2. The influence of Job satisfaction on Employee performance

Job satisfaction shows a positive relationship with Employee performance, but its influence is not significant at the 95% confidence level. The t value of 1.615 and the significance value of 0.110 indicate that the influence of Job satisfaction on Employee performance is not significant in this model. This means that although Job satisfaction may have an impact on Employee performance, in the context of this study, the impact is not strong enough to be considered significant.

3. Model Ability to Explain Employee Performance Variability

The R Square value of 0.427 indicates that this regression model can explain about 42.7% of the variation in Employee performance. This indicates that this model has moderate power in explaining Employee performance based on the variables studied. Although this model explains most of the variation, there is 57.3% of the variability that is still not explained by the model, indicating the presence of other factors that may affect Employee performance.

4. General Conclusion

Leadership Practice is a significant factor and has a positive influence on Employee performance. Organizations should focus on improving Leadership Practice as a strategy to improve Employee performance. Job satisfaction, although important, does not show a significant influence in this model. This may indicate that other factors not examined in this study have a greater impact on Employee performance. This regression model explains some of the variability in Employee performance, but there is room for improvement, both in terms of adding other relevant variables and refining the analysis method.

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