

## **TRANSACTIONAL LEADERSHIP STYLE, JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT TO EMPLOYEE PERFORMANCE ON COLLECTION SECTION OF BANK X SURABAYA**

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### **Abstract**

The main objective of the organization in general is to fulfill the vision and mission of the organization. To meet the achievements in the organization, the initial step is to first form the human resources that are owned to match the description of the needs of the organization. In the process of shaping the character of each individual in the organization, generally the direction of formation is initiated by the leader, because the leader is the determinant of the organization's performance policies. This study aims to determine the transactional leadership style at Bank X in Surabaya. The effect of this leadership style will have an impact on satisfaction and commitment which in turn will improve employee performance. This research is a quantitative type by distributing questionnaires to employees of Bank X in Surabaya using the Smart Partial Least Square. The results showed that the leadership style of leadership had a significant effect on job satisfaction and organizational commitment, this study also found that job satisfaction and organizational commitment had a significant effect on employee performance at Collection Bank X Surabaya.

Keywords: Transactional Leadership, Job Satisfaction, Organizational Commitment, Employee Performance

### **Introduction**

Bank X as a national bank also provides credit to customers, one of which is retail credit in the form of a credit card. As with other types of unsecured loans, credit cards also have the same credit risk, namely the possibility that the customer cannot make payment obligations, either the minimum payment or the full payment.

The main objective of the organization in general is to fulfill the vision and mission of the organization. To achieve this

achievement requires a complex synergistic effort jointly by all elements and stakeholders in the organization. To achieve all of this, it is often necessary to have facilities and infrastructure that meet the specifications of the needs at each organizational hierarchy. However, facilities and infrastructure are only a means of achievement, in the end whether they are productive or not, will again be determined by the parties who are in control of these tools. In this case the holder of control of

organizational facilities and infrastructure is human resources.

The above has shown that to meet the achievements within the organization, the initial step is to first form the human resources that are owned to match the description of the organization's needs. In the process of shaping the character of each individual in the organization, generally the direction of formation is initiated by the leader, because the leader is the determinant of the organization's performance policies. The leadership role is very vital in the organization to achieve its goals. The role of the leader is very influential from the beginning (planning) to the process (coordinating and motivating) to the end (controlling), from an effort to achieve organizational goals (Ance. S.A., et al., 2017)

Leaders who can provide clear directions on the tasks that must be completed by their employees can improve the performance of

## **Literature Review**

### **Transactional Leadership**

Transactional leadership is a style model leadership by focusing on achievement goals or objectives, but do not seek to develop responsibility and authority of subordinates for the sake of progress subordinates (Ismail, et al., 2011). Transactional leadership is a leadership model in which a leaders are more likely to provide direction to their subordinates, and give incentives and penalties on their performance and emphasis on behavior to guide followers (Maulizar and Yunus, 2012). Transactional leadership is more directed towards emphasizing leaders giving awards to subordinates and controlling the work of their subordinates and direct them

the employees themselves (Mujanah, S., et al., 2019) This can happen because generally employees do not have as much work experience as the leader himself. The lack of work experience creates confusion for employees to start and finish their work, this confusion ultimately creates sub-optimal performance for employees. The direction that the leader gives to employees will minimize confusion in completing the delegated work which in turn will help maximize employee performance results (Mujanah, S., et al., 2020).

Based on the phenomena and background above, the focus of the problem in this study is as follows:

1. Does transactional leadership have a significant effect on job satisfaction?

2. Does transactional leadership have a significant effect on Organizational Commitment?

3. Does Job Satisfaction affect Employee Performance?

4. Does Organizational Commitment affect employee performance

to the goals they have set for clarity roles and demands for duties (Garnasih and Pramadewi, 2013).

The application of transactional leadership can affect job satisfaction as, this is according to the results of Titik Rosnani (2012) that transformational leadership has a significantly positive influence on job satisfaction of the employees. This is also supported by the results of his research by Roni, Faizal (2019) which states that transactional leadership has a significant and positive effect on employee job satisfaction.

### **Job Satisfaction**

Furnham et al., (2009) defined job satisfaction as how far the employees are satisfied with their work. This matter often happens in which two concepts are

discussed together, since it is said that an individual is satisfied in the workplace as there is a factor and condition that motivate him or her. Robbins (2006) stated that job satisfaction is a common behavior to work performance while there are awards and achievements appropriately. Job satisfaction is the most effective or responsive to various aspects of work (Kreitner and Kinicki, 2003). Definition cannot be interpreted as a single concept. A person can be relatively satisfied with one aspect of his job and dissatisfied with one or more other aspects. Luthans (2005) suggests that there are three important dimensions of job satisfaction, namely job satisfaction is a response to work situations; job satisfaction is often determined by how results obtained match or exceed expectations; job satisfaction reflects related behavior.

Employee who have high job satisfaction can lead employees to achieve higher performance, this supports the results' study of Molik's (2015) that job satisfaction of employee has a significant effect on the performance. Likewise, the research results of Riski Damayanti (2018) also stated that there is an influence between job satisfaction on employee performance, this mean that the higher the satisfaction obtained by employees, will be higher performance of employee.

### **Organizational Commitment**

Robbins (2006) defined organizational commitment as a stage in which the employee recognizes a certain group with the goals, and hopes to maintain the status as the group member. According to Chairy (2002), there are two forms of commitment, namely attitudinal commitment and behavioral commitment. Attitude commitment is a condition in which

individuals consider the extent to which their personal values and goals are in accordance with the values and goals of the organization, and the extent to which they wish to maintain their membership in the organization. This attitude approach views organizational commitment as affective commitment (Allen and Meyer, 1990) and focuses on the process of how someone thinks about their relationship with the organization (Mowday et al., 1982). Meanwhile, according to Miner (2005), behavioral commitment is based on the extent to which employees make decisions to be tied to the organization in relation to losses if they decide to take other alternatives outside of their current job. In contrast to the attitude approach, this behavior approach emphasizes the process by which individuals develop commitment not to the organization but to their behavior towards the organization.

Organizational commitment is a belief and acceptance of goals where a person can survive with loyalty for the benefit of the organization so that a loyalty is formed so that a person can survive to maintain his membership in an organization Sumiati et al (2018), and the results of his research explain that organizational commitment is significant on variables performance employees. This is also supported by the results of Molik's research (2015 which states that Organizational Commitment has a significant effect on employee performance. This shows that employees who are committed to the organization can achieve higher performance.

### **Employee Performance**

Mangkunegara (2011) defines employee performance as the result of work in quality and quantity achieved by an employee in

carry out his duties in accordance with the responsibilities assigned to him. Simamora (2004) states that performance refers to the level of achievement of tasks that make up an employee's job. Performance reflects how well the employee meets a requirement profession. The performance of an employee is an individual matter, because every employee has a different level of ability do its job. Management can measure employees for performance work on the performance of each employee. Employee performance is the way employees work in a company during a certain period. A company that has employees with good performance has a high probability that the company's performance will be good, so that there is a very close relationship between individual (employee) performance and company performance. According to Obiwuru et al., (2011), work performance refers to the results obtained from substantive tasks that differentiate a person's job from other jobs and include more technical aspects of performance.

### **Method Research**

This study uses a quantitative approach, and descriptive explanatory method of reserch, namely research that focuses on hypothesis testing using statistical analysis tools. The population of this research is all employees of the collection division who work at Bank X for at least 1 year, so the subjects who were used as respondents in this study were 105 employees of the Collection Bank X Surabaya.

Data collection techniques used in this research were survey method by distributing the instrument questionnaires to all employees in the collection section using the census method. Questionair used as instrument in this study measured by a

Likert scale between 1-5 which is from strongly agree to disstrongly agree which is tested for validity and reliability first.

As regard to the complecity of conceptual framework in this study, the analysis technique used is to use Structural Equation Modeling. However, because in this study there are not only reflective but also formative indicators, the appropriate analysis technique is SEM using PLS because PLS is able to accommodate these two types of indicators. Reflective indicators are indicators that are considered to be influenced by latent constructs, or indicators that are considered to reflect/represent latent constructs (Hair *et al.*, 2014). Formative indicators are indicators that are considered to influence latent variables.

### **Results and Discussion**

Before the analysis was carried out, this study tested the validity and reliability of the instrument. The validity test of the instrument in this study was carried out by measuring the correlation between variables or items using the product moment correlation formula. Furthermore, if the product moment correlation coefficient value of an item is above the value of 0.30 with a significance of 0.05 (Sarjono, 2011). While the results of the analysis show that each item stated in the research instrument has all shown a correlation coefficient value above 0.3 so that all question items are declared valid. While the reliability test was carried out with the product moment correlation formula to determine the value of Croanbach's alpha. By looking at the reliability statistics table, it can be seen that Croanbach's alpha value of the number of question items. A measuring instrument is said to be reliable if the Croanbach's alpha

value is  $> 0.60$  with a significance of 0.05 (Sarjono, 2011), while each variable in this study shows a number above 0.60 so that it is declared reliable.

A SmartPLS output for loading factor shows that all variables have a loading factor with a value above the recommended value of 0.5. And the results of the loading factor analysis in this study showed a value above 0.5. This proves that all the indicators used in this study are valid or have met the convergent validity. Meanwhile, Discriminant Validity is also carried out on reflective indicators with cross loading. An indicator is declared valid if it has the highest loading factor for the intended construct compared to loading factors for other constructs. The results of the analysis show that the loading factor for the construct of each variable in this study shows that the loading factor number is higher than the value for the other constructs. The same is true for the indicators that make up the next construct, where each indicator reflects the highest value on the variable in question. Thus, the latent construct predicts the indicators in each block whose value is better than the indicators in the other blocks.

Another method to see discriminant validity is to look at the square root of average variance extracted (AVE) value. The recommended value is above 0.5. Meanwhile, the AVE value in this study shows that all constructs have an AVE value above 0.5; Likewise, the square root value of the AVE gets a value of more than 0.5 so that it meets the standard of good validity on each of the variables studied.

Reliability test is done by looking at the composite reliability value of the indicators

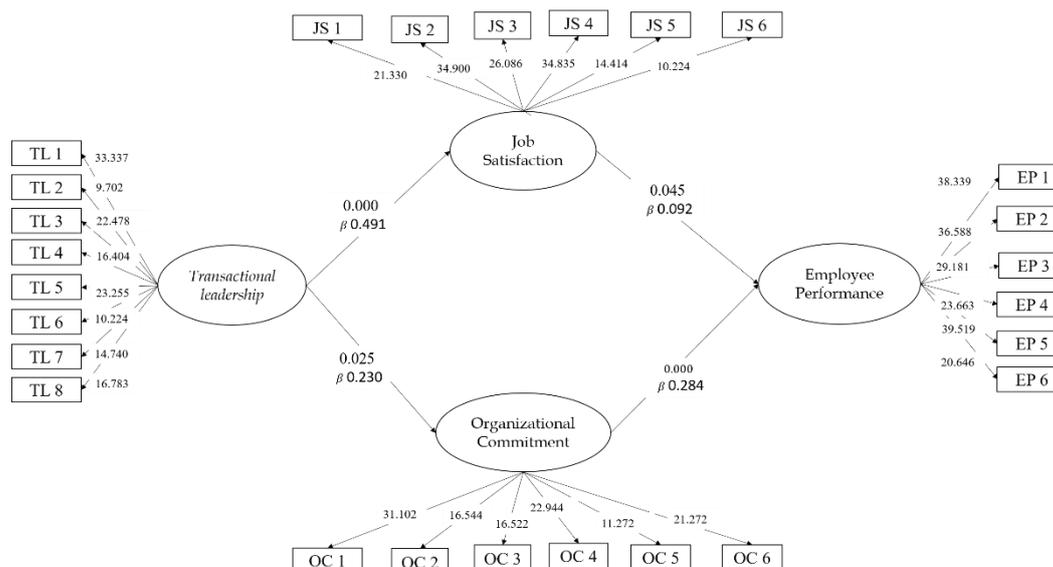
measuring the construct. The results of composite reliability will show a satisfactory value if it is above 0.7. The results of the Composite reliability analysis in this study indicate that all constructs get a value above 0.7 which indicates that all constructs in the estimated model meet the criteria for discriminant validity.

The reliability test can also be strengthened with Cronbach's Alpha where the SmartPLS output gives the recommended value above 0.6 and the table above shows that the Cronbach's Alpha value for all constructs is above 0.6, where the value of communality in each The construct in this study reaches a value above 0.5 so that the test results with Composite Reliability and Cronbach's Alpha have shown good requirements.

Hypothesis testing in this study was carried out using the smartPLS program. The calculation process in this program is carried out by testing the Inner model and Outer Model. The inner model is used to determine that the indicators used to measure the variable have met the validity construct and convergent reliability, while the outer model is used to test the hypothesis whether the hypothesis that is formulated is accepted or rejected.

### **Hypothesis Test**

Hypothesis testing in this study is calculated using the SmartPLS program with the Inner model showing the results in Figure 1 that all indicators form latent variables which are indicated by the value of construct validity and convergent reliability:



Picture 1: Inner Loading

Based on the results of the analysis of the effect of transactional leadership on job satisfaction shows a significant result of  $t_{\text{statistic}} > 1.96$ , which is equal to  $2.255 > 1.96$ . Thus, the transactional leadership style has a positive effect on job satisfaction. Research conducted by Voon et al. (2011) and Riaz & Haider (2010) shows that transactional leadership has a positive and significant effect on job satisfaction. This means that the higher the transactional leadership applied by company leaders, the higher the job satisfaction of employees. Leaders who are able to direct and motivate subordinates will make subordinates feel happy and have good job satisfaction to achieve the goals set by the company. Good job satisfaction can shape employee positive attitudes towards work (Folakemi et al., 2018). So the second hypothesis is accepted (H1 is accepted).

The effect of transactional leadership on organizational commitment, it shows significant results with a  $t_{\text{statistic}} > 1.96$ , namely  $9,124 > 1.96$ . Thus, the transactional leadership style has a positive effect on organizational commitment. This is supported by research conducted by Sukrajap (2016) showing that there is a positive and significant effect of transactional leadership on organizational

commitment. This means that the higher the transactional leadership applied by company leaders, the higher the organizational commitment. A leader who can carry out their duties properly will affect employee behavior in seeing work. Leaders who say the vision, mission and goals of the organization to employees are carried out in order to share knowledge about the goals of the organization. This will increase employee loyalty and organizational commitment (Khuong et al., 2014). So the first hypothesis is accepted (H2 Accepted).

The effect of job satisfaction on employee performance, it shows significant results with a  $t_{\text{statistic}}$  value  $> 1.96$ , which is  $2.007 > 1.96$ . job satisfaction has a positive and significant effect on employee performance This means that the higher the employee's job satisfaction, the higher the employee's performance. The results of this study are supported by research results from Anshori et al (2020) which explains that Job Satisfaction has an influence on Employee Performance. So the third hypothesis is accepted (H3 Accepted).

The analysis of the effect of organizational commitment on employee performance, it shows significant results with a  $t_{\text{statistic}} > 1.96$ , namely  $4.024 > 1.96$ .

transformational has a positive and significant effect on job satisfaction. This means that the higher the employee's job satisfaction, the higher the employee's performance. The results of this study are supported by research results from Folorunso *et al.*, (2014) which explains that organizational commitment has an influence on employee performance. So the hypothesis is accepted (H4 Accepted).

### Conclusion and Implication

Based on the results and analysis in research, the conclusions in this study shows that transactional leadership has significant effect on job satisfaction, this means that the higher the transformational leadership applied by company leaders, the higher the job satisfaction of employees. The transactional leadership has significant effect on organizational commitment, this means that the higher the transformational leadership applied by company leaders, the higher the organizational commitment.

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Job satisfaction has significant effect on employee performance. This means that the higher the employee's satisfaction, the higher the employee's performance. Although The organizational commitment has also effect on employee performance. This means that the higher the employee's job satisfaction, the higher the employee's performance.

The implication of this research show leaders should continue to make efforts in realizing the use of transactional leadership for employees because it can have a significant effect on employee job satisfaction and commitment to the organization and ultimately can improve organizational performance. For further research it is recommended to use other moderating variables that are able to moderate between the variables studied, so that they can influence or mediate the relationship between variables, so that this study finds variables that have a significant influence in improving employee performance.

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