

# The Effect of Leadership Style and Job Satisfaction toward the PKWT Employee at PT. Kereta API Indonesia IX Jember Operational Area with Organizational Commitment as Intervening Variable

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**Abstract:** *Regard to achieve the goals of a company hence required the qualified human resources. Qualified human resources are expected to produce a good performance and can provide the advancement for company. Therefore it is required to increase human resources to support it. The improvement of human resources reflected by employee performance that has many factors which influence the leadership style, job satisfaction and organizational commitment. The aim of this research is to observe the influence of leadership style and job satisfaction toward the PKWT employee in PT. Kereta Api Indonesia (Railway Station) IX Jember Operational Area with organizational commitment as an intervening variable. This research used explanatory research with survey method. The populations consists of 126 people using saturated samples. The result of the research shows that the significant effect from an exogenous variable on the intervening variable as well as the exogenous variable has a positive effect on the endogenous variable.*

**Keywords:** *leadership style, job satisfaction, employee performance, organizational commitment.*

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## I. Introduction

### 1.1. Background of the Research

Employees have an important role for the achievement of corporate goals, therefore it is required appropriate employees with the requirements within the company, and also must be able to perform tasks that have been determined by the company. Every company is always looking for resources that have the best quality that is proper for the company and competing to find the best candidate in an effort to improve the quality of the company itself.

In looking for qualified human resources, not rarely the company do work agreements in advance which is stipulated in a Working Agreement of Certain Time (hereinafter referred to as PKWT). According to the Decree of the Minister of Manpower and Transmigration No.100/MEN/IV/2004 on the Implementation of (PKWT) are employment agreements between workers and employers to establish employment within a certain time or certain workers.

Laws No. 13 of 2003 about Manpower limits the types of work that may be bound with PKWT. The types of work that is allowed to use PKWT, among other:

1. The work completed once or temporarily completed for a maximum of three years
2. Seasonal job
3. The job that relate to new products, new activities, or additional product that are still in training and exploration
4. Daily work/ free worker

By time PKWT period, the company assesses the work of the employees. The work of employees is used as a consideration to make the employees of PKWT appointed permanent employees or called employees of the work agreement is not certain time (PKWTT). The duration of the PKWT shall be no later than two years and may only be extended once for a maximum period of one year (Manpower Act No.13/ 2003 article 59, paragraph 4). However, currently, PKWT employees are undergoing employment agreements over the time set by the government. This also applies to the company PT. Kereta Api Indonesia (Persero) which treats employees by conducting job ties through the PKWT which will continue to be extended when the agreement

deadline has been completed. PKWT employees do not have a clear career span and this is one of the problems in human resource management.

#### 1.2 Problem of the Research

What is the influence of leadership style and job satisfaction toward the PKWT employee in PT. Kereta Api Indonesia (Railway Station) IX Jember Operational Area with organizational commitment as an intervening variable?

#### 1.3 Objective of the Research

To observe the influence of leadership style and job satisfaction toward the PKWT employee in PT. Kereta Api Indonesia (Railway Station) IX Jember Operational Area with organizational commitment as an intervening variable.

## **II. Theoretical Framework**

Schmidt (2013) states some the factors influences of job satisfaction are achievement, recognition, advancement, while the phenomenon above does not support those theories. Wirawan (2009) argues that employee performance influenced by organization internal environmental factor, external environmental factor, and employee internal factor. Another factor that can be used to increase employee performance is leadership style (Sunarcaya, 2008). Siagian (1998) suggests that the success or failure which experienced by most organizations is determined by the leadership quality possessed by those people who are in charge of leading the organization. Further, Mangkunegara (2010) explains that factors that affect performance, among others individual factors, psychological factors, and organizational factors. In organizational factors, the leadership is one of the related aspects.

As matter of facy, the leadership changes at PT. Kereta Api Indonesia oftenly taken time fast and irregular. The leadership changes will cause a different leadership style which bear impact on employee performance (Sehfidin: 2011) and strengthened by the research that conducted by Trang (2013) argues that leadership style effects on employee performance. But this is contrary to the research that conducted by Ma'mun (2012) that the leadership style has a negative effect on the employee performance. The same thing is said by Rosmiyati (2013) in her research that the style of leadership has no effect and not significant on employee performance. One of the other variables that can be an intervening variable is organizational commitment. Organizational commitment is a relationship between the individual and the work organization. Miner (2000) defines organizational commitment as the relative strength of the individual in identifying his involvement in the organization.

Based on the phenomenon and research gap that has been described above shows the contradictory result, hence conducted this result entitled "The Effect of Leadership Style and Job Satisfaction toward the PKWT employee at PT. Kereta Api Indonesia (Persero) IX Jember Operational Area with Organizational Commitment as Intervening Variable"

## **III. Methodology**

This research used explanatory research with survey method. Location of the research conducted at PT. Kereta Api Indonesia IX Jember Operational Area. The population in this research is all employee of PKWT that total 126 people. The sample in this research using saturated sample it means using the entire population. This research uses descriptive statistic analysis and inferential statistic analysis: Structural Equation Modeling (SEM).

## **IV. Finding and Discussion**

#### 4.1 The effect of leadership style on the Organizational Commitment

The result shows leadership style has a significant effect on the organizational commitment. This means the better the leadership style at PT. Kereta Api Indonesia IX Jember Operational Area then the better the organizational commitment of PKWT employees at PT. Kereta Api Indonesia IX Jember Operational Area as well. Leadership Style PT. Kereta Api Indonesia IX Jember Operational Area can be seen through sensitive leaders and following changes in the environment, leaders often emphasize the importance of tasks and ask you to perform tasks with all the risks, leaders giving reward for achievement employee, sensitive leaders and help solve company-related subordinate problems, leaders often train in order to improve employee competence, leaders consider the needs of subordinates in each policy which made, the leader seeks to explain the vision of the company's mission with a realistic example, and the leader makes the latest breakthrough in every action for the development of the company. If the PKWT employee's assessment of the accepted leadership style is a positive assessment, then this leadership style will encourage the organizational commitment of PKWT employees at PT. Kereta Api Indonesia IX Jember Operational Area.

The existence significance effect of leadership style on the organizational commitment of PKWT employee at PT. Kereta Api Indonesia IX Jember Operational Area cannot be separated from the good perception of employees on the leadership style aspects. Based on the descriptive statistical analysis the aspect of a well-perceived leadership style is a sensitive leader and follows the changes occurring in the environment as well as the leader rewards for performance employee. According to (Allen & Meyer, 2011: 56) Theory of commitment appraising is organizational commitment assessed based on the behavior totality that is effective organization commitment, normative, and continuance. Means that organization commitment related with emotional, identification, and involvement within the organization. (Greenberg, 2008: 182).

The results of this research are appropriate and support the results of research conducted by Ma'mun (2012) suggests that leadership style has a positively affects on organizational commitment. Leadership style applied by the leader is an influence in determining the commitment of subordinate organizations to perform the main tasks and functions well. The same thing is put forward in research conducted by Ikhlas (2014).

#### 4.2 The effect of job satisfaction on the organizational commitment

The result shows job satisfaction has a significant effect on the organizational commitment. This means the better the job satisfaction of PKWT employee at PT. Kereta Api Indonesia IX Jember Operational Area then the better the organizational commitment of PKWT employees as well. Job satisfaction at PT. Kereta Api Indonesia IX Jember Operational Area can be seen through an employee performing tasks with full of responsibility, employee has a motivation to increase a capacity and a competence, salary employee given fairly and on time by company, and the company provide opportunities for promotion or development career for all employees, the employees take time to hone the skills needed in the work, and employees perform tasks using the best ability they have. If the assessment of PKWT employees on job satisfaction is a positive assessment, then this job satisfaction will encourage the organizational commitment of PKWT employees.

The existence significance effect of job satisfaction on the organizational commitment of PKWT employee at PT. Kereta Api Indonesia IX Jember Operational Area cannot be separated from the good perception of employees on the job satisfaction aspects. Based on the descriptive statistical analysis, the aspect of a well-perceived job satisfaction is the employee has a motivation to increase a capacity and a competence, salary employee given fairly and on time by the company, and the companies provide opportunities for promotion or development career for all employees. Robbins (2012: 136) argues that organizational commitment as a total loyalty value orientation for organization. Three characteristics of organizational commitment guidance are strong confidence about the organization, self-defense to be organization member, and strive as a part of organization member (Ibrahim, 2012: 525).

Boles et al. (2007) found that the aspect of job satisfaction relates to employee affective commitment. Job satisfaction aspects used in this research are promotion, salary, job, supervision of leadership, and working group.

#### 3.3 The effect of leadership style on the employee performance

The result shows leadership style has a significant effect on the employee performance. So that the hypothesis states that leadership style has a positive effect on the PKWT employee performance is true or  $H_3$  accepted. This means the better leadership style at PT. Kereta Api Indonesia IX Jember Operational Area then will be better PKWT employee performance. Leadership style at PT. Kereta Api Indonesia IX Jember can be seen through sensitive leaders and following changes in the environment, leaders often emphasize the importance of tasks and ask you to perform tasks with all the risks, leaders giving reward for achievement employee, sensitive leaders and help solve company-related subordinate problems, leaders often train in order to improve employee competence, leaders consider the needs of subordinates in each policy which made, the leader seeks to explain the vision of the company's mission with a realistic example, and the leader makes the latest breakthrough in every action for the development of the company. If the PKWT employee's assessment of the accepted leadership style is a positive assessment, then this leadership style will encourage the employee performance.

The existence significance effect of leadership style on the PKWT employee performance at PT. KAI IX Jember cannot be separated from the good perception of employees on the leadership style aspects. Based on the descriptive statistical analysis, the aspect of a well-perceived leadership style is a sensitive leader and follows the changes occurring in the environment as well as the leader rewards for performance employee. Leadership is a way that is owned by a leader in influencing a group of people or subordinates to work together and vigorous efforts and confidence to achieve the goals that have been established. It can be said that leadership plays a very dominant role in organizational success in organizing various activities especially seen in the performance of employees (Siagian, 2008: 3). The success of an organization both as a whole and various groups within a particular organization depends on the leadership quality which contains in the organization concerned.

The result of this research support Sehfudin result (2011) in his research stated that the leadership style has a positive effect on the performance. The better the leadership style will be increased the employee's performance.

#### 4.4 The influence of job satisfaction on the performance employee

The result shows that a job satisfaction has a significant effect on the employee performance. So that the hypothesis states that job satisfaction has a positive effect on the PKWT employee performance is true or  $H_4$  accepted. This means the better job satisfaction of PKWT employee at PT. Kereta Api Indonesia IX Jember operational area hence will be better PKWT employee performance. The job satisfaction at PT. KAI IX jember can be seen through an employee performing tasks with full of responsibility, employee has a motivation to increase a capacity and a competence, salary employee given fairly and ontime by company, and the company provide opportunities for promotion or development career for all employees, and the employee doing the duty with their own best capability. If the PKWT employee assessment on the job satisfaction is a positive assessment then this job satisfaction will encourage of PKWT employee performance.

The existence of significant effect job satisfaction on the PKWT employee performance at PT. Kereta Api Indonesia IX Jember cannot be separated from the good perception of employees on the job satisfaction aspects. Based on the descriptive statistical analysis, the aspect of a well-perceived job satisfaction has a motivation to increase a capacity and a competence, salary employee given fairly and ontime by the company, and the company provides opportunities for promotion or development career for all employees. The result of this research agree with Juniantara research (2015) showed that job satisfaction measured through four indicators of intrinsic satisfaction, extrinsic satisfaction, recognition and social authority/utility have a positive and significant effect on the performance. Based on this research can be explained that job satisfaction is required by employees in improving the performance each individual even though the job satisfaction characteristic itself is very relative or different from one person to other people.

#### 4.5 The effect of organizational commitment on the employee performance

The result shows that organizational commitment has a significant effect on the employee performance. So that the hypothesis states that organizational commitment has a positive effect on the PKWT employee performance is true or  $H_5$  accepted. This means the better organizational commitment of PKWT employee at PT. Kereta Api Indonesia IX Jember operational area hence will be better PKWT employee performance. Organizational commitment of PT. Kereta Api Indonesia IX Jember can be seen through employees willing to spend personal time to assist the companies to meet their targets, employees tell about the company when outside the company, employees feel getting a lot of profits from this company both profit in financial and non financial, employees expect to work in this company for the next, employee must improve the performance so that companies can compete with other companies, and companies always to priority the employees welfare than to others. If the assessment of PKWT employees on organizational commitment is a positive assessment, then this organizational commitment will encourage the performance of PKWT employees.

The existence significant effect of organizational commitment on PKWT employee performance in PT. Kereta Api Indonesia IX Jember cannot be separated from the good perception of employees on the organizational commitment aspects. Based on the descriptive statistical analysis, the aspect of a well-perceived organizational commitment is employees willing to spend personal time to assist the companies to meet their targets and employees tell about the company when outside the company. Organizational commitment perceived by an employee can make the positive behavior on job organization and have a contribution to the employee performance. Mathis and Jackson (2006) stated that "organizational commitment is a trust level in the acceptance of labor to the organization goals and has a desire to remain within organization. Organizational commitment is important behavior dimension that can be used to assess the employee's propensity to survive as organization member. Organizational commitment is a relatively strong identification and involvement of an organization. Robbins (2008) said that employee commitment in an organization determines the success or failure goals to be achieved by an organization or institute. If every member has a high commitment then the chances of success can be achieved. The success of organization will have a good impact on the survival of organization or institute and the employees. Organizational commitment to the high employee is usually improving high performance and can reduce attendance level and if an employee has a low commitment then the performance is low.

In the research conducted by Mowday et al. (1982 in Carmeli & Freund, 2004) stated that organizational commitment is anon-significant relationship between organizational commitment and employee performance. Chen et al (2007) make the research regarding human resources practices, human resources power, affective commitment, and employee performance. The commitment impact on employee performance is not significant relatively (Raja et al., 2004).

Ma'mun (2012) argued that organization commitment on employee performance has a significant and positive effect, not getting loose from the contribution of effective organization commitment indicator,

normative organization commitment, and continuous organization commitment. The same result stated by Kristianto and Suharnomo (2011) that the employee who has high organizational commitment will have higher performance level.

## **V. Conclusion and Suggestion**

### **5.1 CONCLUSION**

1. Leadership style has a positive effect on the organizational commitment of PKWT employees.
2. Job satisfaction has a positive effect on the organizational commitment of PKWT employees. This Means the better job satisfaction will be better organizational employees of PKWT employee in PT. Kereta Api Indonesia IX Jember operational area.
3. Leadership style has a positive effect on the PKWT employee performance. This means the better Leadership style in PT. Kereta Api Indonesia IX Jember operational area the better of PKWT Employee performance.
4. Job satisfaction has a positive effect on the PKWT employee performance. This means the better job satisfaction will be better for PKWT employee performance at PT. Kereta Api Indonesia IX Jember operational area.
5. Organizational commitment has a positive effect on the PKWT employee performance. This means the better organizational commitment to the PT. Kereta Api Indonesia IX Jember operational area will be better of PKWT employee performance.

### **5.2 SUGGESTION**

The result of the research shows that leadership style and job satisfaction has an influence on the organizational commitment and PKWT employee performance at PT. Kereta Api Indonesia IX Jember operational area. Therefore PT. Kereta Api Indonesia IX Jember should be able to offer good leadership style and job satisfaction so that encourage good organizational commitment, and ultimately impact on the PKWT employee performance, such as sensitive leader and following the changes occurring in the environment, the leader consider subordinate needs in every policy that made, the employee has a motivation to increase a capacity and a competence, and the companies provide opportunities to promotion or development a career for all employee. The better leadership style and job satisfaction will encourage organization commitment of employee who ultimately improving the employee performance.

For the further researcher suggested to adding another variable such as organizational culture, compensation system, organizational citizenship behavioral (OCB) and others. So that can get better results in explaining employee behavior and useful for the development of science especially human resources management.

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