The Role of Job Satisfaction Mediate the Effect of Leader Member Exchange on Employee Performance at PT BPR Luhur Damai Tabanan

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ABSTRACT

Today's business world requires a qualified workforce to produce quality company performance to win the rivalry, besides that it needs to be supported by quality human resources. The company feels the need to improve the performance of its employees by paying attention to several things, including leader-member exchange and job satisfaction. The purpose of this study was to analyze the role of job satisfaction in mediating the influence of leader-member exchange on employee performance at PT BPR Luhur Damai in Tabanan. The study was conducted on all employees working at PT BPR Luhur Damai, with a total of 52 respondents. Methods of collecting data were surveys and interviews. This study uses path analysis. The results showed that the leader-member exchange has a positive and significant effect on employee performance, the leader-member exchange has a positive and significant effect on job satisfaction, job satisfaction has a positive and significant effect on employee performance, job satisfaction mediates the influence of leader-member exchange on employee performance at PT BPR Luhur Damai in Tabanan.

Keywords: employee performance, job satisfaction, leader member exchange.

I. INTRODUCTION

Today's business world requires a qualified workforce to produce quality company performance in order to win the competition, besides that it needs to be supported by quality human resources (HR). The company feels the need to improve the performance of its employees by paying attention to several things, including leader-member exchange and job satisfaction. The company needs to manage human resources to improve employee performance. A leader/member exchange is an interaction between a superior and subordinates so that the organization is able to move well. Leader-member exchange is the various types of relationships that develop between leaders and followers and what leaders and followers give and receive back from those relationships. Achieving good performance, in human resources are required to have knowledge, skills, abilities, and high morale so that the performance of employees at the company is good which will have an impact on company performance and ultimately the company's goals are achieved. Employee performance is an outcome that results from an employee within a certain period of time in the company where he works. Employee performance is considered as what employees do and what employees don't do. Employee performance is the result of employee performance which is assessed in terms of quality and quantity based on work standards determined by the organization. Performance is a benchmark for employees in carrying out targeted tasks to be completed.

Job satisfaction is a pleasant or unpleasant emotional state for employees (Widyani et al., 2019). Job satisfaction is a positive feeling toward the work that can be interpreted as a set of employee feelings about whether or not their work is fun. The explanation above can be concluded that job satisfaction is very influential on employee performance in the company (Wulandari & Hadi, 2021). Job satisfaction is an employee's positive feelings about work resulting from his job evaluation (Robbins & Judge, 2017:18).

Taqiuddin et al. (2018), LMX has a positive and significant effect on employee performance applied by the leadership, because the leader understands the potential of subordinates and assigns tasks to employees according to their abilities, it will improve the performance of employees. Improving employee performance productivity requires a good quality relationship between superiors and subordinates (LMX) which is expected to create loyalty, positive attitudes and feedback in completing work with the aim of increasing the success (Hasan et al., 2021).

According to Yosier et al. (2019) LMX has a positive and significant effect on job satisfaction. The higher the leader-
member exchange owned by the employee, the higher the job satisfaction of the employees. According to Li et al. (2018) LMX has a positive and significant effect on job satisfaction. The higher the leader-member exchange in the company can increase employee job satisfaction. Pusparini (2018) shows that the leader-member exchange variable has no influence on the job satisfaction variable, employees will easily express the complaints they face so that communication between superiors and subordinates goes well. This is not done by some superiors so that employees feel less cared about their personal needs. The absence of a sense of mutual care has an impact on decreasing feelings of satisfaction in employees towards their work.

Companies must increase employee job satisfaction it will result in an increase in employee performance (Hendri, 2019). Septya & Dwif (2019) stated that job satisfaction had no effect on employee performance. Increased job satisfaction has not been able to improve employee performance.

According to Handayani & Soliha (2020) job satisfaction can mediate the influence of leader-member exchange on employee performance. Job satisfaction is proven to be a full mediation between the effect of LMX on employee performance. LMX has a strong role in job satisfaction and job satisfaction also has a strong role on performance. Job satisfaction has an impact on the effect of LMX on employee performance (Maurits et al., 2022). Zulfa (2021) stated that job satisfaction has not been able to affect the relationship between the leader-member exchange and employee performance, this is because the workload is felt by employees to be quite high.

“The conceptual framework aims to determine the effect of leader-member exchange (LMX) on employee performance and job satisfaction, so a conceptual framework is made based on the theory described in Fig. 1 as follows.”

![Fig. 1. Conceptual Framework.](image)

LMX theory is based on the idea that positive actions by supervisors can lead employees to feel indebted, forming an exchange of favors. Such relationships generally have a positive impact on employee work outcomes. The theory of leader-member exchange which focuses on the reciprocal relationship between superiors and subordinates also influences performance. Based on this theory, the relationship between superiors and subordinates ranges from low quality to high quality. The quality of the relationship between superiors and subordinates depends on how superiors perceive subordinates. The high quality of leader-member exchange is classified based on mutual respect, trust, and the willingness of superiors and subordinates to display the best performance. The purpose of a reciprocal relationship between superiors and subordinates is when superiors can convey expectations and tasks that must be carried out by subordinates well. It does not stop there, but subordinates can also convey their expectations of the leadership role assumed by their superiors and how they would like to be treated by their superiors. Subordinates are not passive but can play an active role in negotiating with superiors. If superiors and subordinates can have mutual openness and can carry out two-way communication, then this can affect the quality and quantity of each performance they will display. The existence of a harmonious reciprocal relationship between superiors and subordinates makes both parties have the will to show the best performance. Awel Suryadi (2017), Kamila & Arwiyyah (2019), Kharimah & Frianto (2019), Gutermann et al. (2017), and Firdaus & Mulyapradana (2018) state that the leader-member exchange has a significant positive influence on employee performance.

H1: Leader-member exchange has a positive and significant effect on employee performance.

Shaikh et al. (2019), When superiors build positive relationships with subordinates, subordinates will try to improve the quality of work, and increasing job quality will lead to higher job satisfaction (Alshamrani, 2017; Ali et al., 2018). Strong superior-subordinate relationships can increase job satisfaction (Nesia & Dewi, 2020). The quality of leader-member exchange will increase job satisfaction, this is because when employees feel that their superiors understand the problem, recognize their abilities and talents, and have good relationships, employees will help their superiors so that employee job satisfaction increases (Soleimani & Einolahzadeh, 2017). High-quality interactions between superiors and subordinates have an impact, namely increasing job satisfaction, if the interactions that occur are of high quality, the superiors will have a positive view of their subordinates so that their subordinates will feel given a lot of support (Harahap & Amalia, 2017). Harahap & Amalia (2017) state that the leader-member exchange has a significant positive effect on job satisfaction.

H2: Leader-member exchange has a positive and significant effect on job satisfaction.

Fadhil & Mayowan (2018) and Astitiani & Sintaasih (2019), the effect of job satisfaction on employee performance is influenced by the high and low levels of employee job satisfaction that are felt to affect employee performance. Job satisfaction is achieved, and the employee's performance in the organization is high. The implementation of good compensation and career system, a conducive work environment, and a good relationship between co-workers and superiors will trigger employee job satisfaction so that their technical and interpersonal skills become good as well. The increase in technical and interpersonal skills indicates an increase in performance.

H3: Job satisfaction has a positive and significant effect on employee performance.

The results of research from Fadhil & Mayowan (2018) Astitiani & Sintaasih (2019), the effect of job satisfaction on employee performance is influenced by the high and low

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levels of perceived employee job satisfaction that will affect employee performance. (Suharnomo & Kartika, 2018). Job satisfaction has a significant effect on mediating the influence of leader-member exchange on employee performance (Handayani & Solih, 2020). The role and effect of the mediating variable, namely job satisfaction are perfectly capable of being a mediator of LMX and employee performance (Maurits et al., 2022). This finding provides an increase in performance through LMX must be accompanied by employee satisfaction. Without employee job satisfaction, the Leader-Member Exchange (LMX) cannot directly encourage employee performance.

H4: Job satisfaction mediates the effect of leader-member exchange on employee performance.

II. METHODOLOGY

“The research design used is associative quantitative research. This approach is used to analyze the effect of leader-member exchange on job satisfaction and employee performance. This research method presents data in the form of numbers and analysis using statistics. The research location is PT BPR Luhur Damai.”

Employee performance is a responsibility of the work results or the level of achievement of employees of PT BPR Luhur Damai for their performance in the company for a certain period or which has been set to realize the main goals and also increase the productivity of the company. Indicators to measure employee performance are Quality; Quantity; Punctuality; Effectiveness; and Independence.

Job satisfaction is an attitude or positive feeling of an employee of PT BPR Luhur Damai based on the results of an evaluation of the efforts made in the aspect of work. Job satisfaction variables are measured by indicators (Lie & Siagian, 2018), namely the work itself; Supervision; Wages; Promotion opportunities; a Work colleague.

Leader-member exchange is a reciprocal exchange relationship between leaders and subordinates at PT BPR Luhur Damai with mutual trust and respect for each other. The leader-member exchange variable can be measured using indicators (Prilestari & Purba, 2019): effect; contributions; loyalty; professional respect.

The population in this study were employees who worked at PT BPR Luhur Damai. The total number of employees working at PT BPR Luhur Damai is 52 employees. This study uses the saturated sample method. Methods of data collection are done using questionnaires and interviews. This study uses path analysis techniques or path analysis.

III. RESULTS AND DISCUSSION

The distribution of respondents' answers to employee performance with the highest average value of 4.46 in the statement "I can work without needing supervision" means that most employees feel able to work without supervision. While the lowest average value of 4.17 in the statement "I can achieve the given job target" means that some employees at PT BPR Luhur Damai have not been able to achieve the given job target. The total average value for the employee performance variable of 4.32 is included in the very high category, meaning that employees who work at PT BPR Luhur Damai have very high performance and can work well without supervision from superiors.

The distribution of respondents' answers to job satisfaction with the highest average value of 4.27 on the statement "I like working at the company" means that most of the employees of PT BPR Luhur Damai like their current job. While the lowest average value is 3.56 on the statement "I get a salary that exceeds expectations". This means that some employees feel that they are not getting a salary that exceeds their expectations. The average value for the job satisfaction variable of 4.04 is included in the high category, meaning that employees of PT BPR Luhur Damai have high job satisfaction and like their current job.

The distribution of respondents' answers to the leader-member exchange with the strongest average value of 4.29 on the statement "I respect the competencies of their superiors" means that most employees respect the competencies of their superiors. While the weakest average score is 3.56 on the statement "My boss defends me when I make a mistake" means that there are some employees who do not agree that their superiors defend them when they make mistakes. The average value for the leader-member exchange variable of 4.11 is included in the strong category, meaning that employees and leaders at PT BPR Luhur Damai have high leader-member exchanges and always respect each other's competence.

R Square of 0.836 means that 83.6 percent of the variation in job satisfaction is influenced by variations in leader-member exchange, while the remaining 16.4 percent is explained by other factors.

"R Square of 0.622 means that 62.2 percent of employee performance variations are influenced by variations in leader-member exchange and job satisfaction, while the remaining 37.8 percent is explained by other factors.”

Structural model 1 and structural 2 then the calculation of the standard error value is as follows:

$$PE_1 = \sqrt{1 - R^2} = \sqrt{1 - 0.836} = 0.405$$
The calculation of the coefficient of total determination is as follows:

\[ R^2 = 1 - \frac{S_{res}^2}{S_{total}^2} = 1 - \frac{0.622}{1} = 0.615 \]

The calculation of the coefficient of total determination is as follows:

\[ R_m^2 = 1 - \frac{(e_1)^2}{(e_2)^2} = 1 - \frac{(0.405)^2}{(0.615)^2} = 0.938 \]

“The coefficient of total determination of 0.938 means that 93.8 percent of the variation in employee performance is influenced by leader-member exchange and job satisfaction, while the remaining 6.2 percent is influenced by other factors”.

Indirect effect = \( \beta_1 \times \beta_2 = 0.914 \times 0.760 = 0.695 \)

Total effect = \( \beta_2 + (\beta_1 \times \beta_3) = 0.637 + 0.695 = 1.332 \)

Sobel Test

\[
Z = \frac{0.914 - 0.760}{0.69464} = 0.13198
\]

\[ Z = 5.263 \]

A. Discussion

1) Leader-member exchange on employee performance

The results of the SPSS calculation show that the comparison of the sig.t value of 0.005 and standardized coefficients is 0.637 which indicates that leader-member exchange has a positive and significant effect on employee performance. This means that the higher the level of employee leader-member exchange in the company, the employee's performance will increase. If superiors and subordinates can have mutual openness and can carry out two-way communication, then this can affect the quality and quantity of each performance they will display. In this study, it can be explained that employees at PT BPR Luhur Damai have a high leader-member exchange and are followed by very high employee performance. This result is evidenced by the results of the average score of respondents' answers on the leader-member exchange variable which is included in the strong category by always respecting each other's competence and the average score of the employee performance variable answers is included in the very high category where employees can work without supervision.

2) Leader-member exchange on job satisfaction

Sig. t value of 0.000 and standardized coefficients is 0.914 which the leader-member exchange has a positive and significant effect on job satisfaction. This means that the higher the level of employee leader-member exchange in the company, the employee's job satisfaction will increase. When superiors build positive relationships with subordinates, subordinates will try to improve the quality of work, so that later the increased quality of work will lead to higher job satisfaction. In addition, a good leader-member exchange relationship between superiors and subordinates makes satisfaction higher because the leader provides support to subordinates so that employees are more satisfied with their work. In this study, it can be explained that employees at PT BPR Luhur Damai have a high leader-member exchange and are followed by high employee job satisfaction. This result is evidenced by the results of the average score of respondents' answers on the leader-member exchange variable included in the strong category by always respecting each other's competence and the average answer score for the job satisfaction variable is included in the high category where employees of PT BPR Luhur Damai like the current job.

3) Job satisfaction on employee performance

The results of the SPSS calculation show that the sig.t value comparison is 0.007 less than the significant value used (0.007 < 0.05), and the beta value on the standardized coefficients is 0.760 which job satisfaction has a positive and significant effect on employee performance. This means that the higher the employee's job satisfaction, the employee's performance will also increase. The average score of respondents' answers on the job satisfaction variable included in the high category were employees of PT BPR Luhur Damai like their current job and the average score of the employee performance variable answers is included in the very high category where employees can achieve work targets.

4) Job satisfaction mediates the influence of leader-member exchange on employee performance

The results of the Sobel test show that the results of the tabulation \( Z = 5.263 > 1.96 \), which means that the job satisfaction variable significantly mediates the relationship between leader-member exchange and employee performance. This means that the higher the level of leader-member exchange in the company, the job satisfaction of employees will also increase so that it will improve employee performance. Leader-member exchange can foster a better understanding between superiors and subordinates so that it can give subordinates a sense of security and acceptance in the group and will encourage them to repay the organization by doing better. Thus, a high-quality leader-member exchange greatly helps increase the job satisfaction of subordinates and encourages them to do work enthusiastically to achieve superior performance results. In this study, it can be explained that employees at PT BPR Luhur Damai have a high leader-member exchange followed by high job satisfaction and very high employee performance. This result is evidenced by the results of respondents' answers to the leader-member exchange variable which shows that employees and superiors always respect each other's competence followed by answers to job satisfaction variables where employees of PT BPR Luhur Damai like their current job and respondents' answers to employee performance variables where employees have worked according to existing procedures.

5) Implications of Research Results

The theoretical implications of the results of this study provide evidence for the development of human resource management science, especially regarding a leader-member exchange, employee performance, and job satisfaction. The results of this study have been able to clarify that social exchange theory has been confirmed in this study because this study reveals that social exchange theory explains how to maintain a balance of social exchange between employees and the company. Exchanges can occur if two parties between
the company and employees can provide something mutually beneficial to each other. Theoretically, this research provides an understanding that leader-member exchange and job satisfaction can improve employee performance, when leader-member exchange increases, the perceived job satisfaction becomes stronger so that it has the potential to improve employee performance.

PT BPR Luhur Damai needs to improve employee performance, especially on the indicators that have the lowest average value. Based on the descriptive results of the employee performance variable on the quantity indicator which has the statement "I can achieve the given job target" it has high criteria but has the lowest average value compared to other indicators, namely quality, timeliness, effectiveness, and independence. Based on these results, the management of PT BPR Luhur Damai can imply that employee performance increases by way of the leader providing input according to the situation in the field and motivation to employees who have not been able to achieve the given target so that the resulting employee performance increases.

PT BPR Luhur Damai needs to improve job satisfaction, especially on indicators that have the lowest average value. Based on the descriptive results of the job satisfaction variable on the salary or wage indicator that has the statement "I get the salary as expected" gets high criteria but has the lowest average value compared to other indicators, namely the work itself, supervision, promotion opportunities, and coworkers. Based on these results, the management of PT BPR Luhur Damai can imply that employee job satisfaction increases by adjusting employee salaries according to employee performance results and employee contributions to achieving company goals, so that employee job satisfaction increases.

PT BPR Luhur Damai needs to improve the leader-member exchange, especially on indicators that have the weakest average value. Based on the descriptive results of the leader-member exchange variable on the loyalty indicator which has the statement "My boss defends me when I make a mistake" gets strong criteria but has the lowest average value compared to other indicators, namely affection, contribution, and professional respect. Based on these results, the management of PT BPR Luhur Damai can imply that the leader-member exchange increases by the way that when employees make mistakes in working at the company, the superiors of the employees provide advice and positive input to employees who make mistakes, so that employees do not feel that their superiors are intimidating when they work. If the employee makes a mistake, the employee will feel defended by the superior when the employee makes a mistake.

IV. CONCLUSION

Management needs to pay attention to several aspects such as leader-member exchange and job satisfaction which can affect employee performance. Further improving employee performance can be applied by providing input according to the situation in the field and motivating employees to achieve the given target. Should further increase employee job satisfaction can be applied by adjusting employee salaries according to employee performance results and employee contributions to achieving company goals. Must further improve the leader-member exchange which can be applied by way of when employees make mistakes in working at the company, the superiors of the employees provide positive advice and input to employees who make mistakes, so that employees do not feel that their superiors are intimidating when they make mistakes, the employees will feel defended by superiors when they make a mistake. For future researchers, it is necessary to consider examining other variables, factors, and indicators outside of the leader-member exchange and job satisfaction to improve employee performance. Such as leadership variables, organizational environment, communication, and others.

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