

Does Leadership Style and Work Environment Influence Employee Performance? The Mediating Role of Job Satisfaction

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Abstract

Human resource strategic planning is needed to achieve better in a tight competition, included job satisfaction and employee performance. This study aims to analyze the influence of leadership style, work environment mediated by job satisfaction, on employee performance. This study uses a quantitative approach and uses primary data using a questionnaire. The population used in this study was 50 employees of Griya Anyam Jepara. Data analysis used quantitative methods with the help of SPSS 25. The results indicate that leadership style has a positive and significant effect on employee performance, and work environment has a positive and insignificant effect on employee performance. Through the path analysis, leadership style has a positive and significant effect on employee performance mediated by job satisfaction. Further findings indicate work environment has a positive and insignificant effect on employee performance mediated by job satisfaction. The study concludes that a good leadership style and work environment will influence employee satisfaction and have an impact on employee performance.

Keyword: Leadership Style, Work Environment, Job Satisfaction, Employee Performance

INTRODUCTION

The existence of MSMEs is believed to contribute to poverty alleviation efforts through job creation (Aribawa, 2016). The current reality is that MSMEs often experience delays in competing with large companies. These delays are caused by various issues, including unresolved conventional issues such as human resource capacity, ownership, financing, marketing, and various other issues related to business management (Rahayu & Musdholifah, 2017). These include new competitive challenges, changing economic conditions, industry consolidation, changing customer preferences, and new performance standards and regulations. Performance is generally defined as a person's success in carrying out a task. Employees can perform well if they have high performance, resulting in good work (Arianty et al., 2016). According to Mangkunegara (2018), productivity is the qualitative and quantitative results of an employee's work, demonstrating their ability to fulfill their assigned responsibilities.

The progress of organizations such as Griya Anyam, a rattan weaving craft company, is now crucial for the efficiency and productivity of workers in carrying out their activities as craftsmen: success or failure. To ensure increased employee productivity, it is therefore necessary to pay attention to various factors that may influence performance requirements, such as: leadership style, work environment, and job satisfaction within the organization.

The first factor is regarding leadership, leadership is a person's ability to motivate others to follow the leader to achieve predetermined goals (Daulay, et al., 2017). Leadership style is a behavioral norm used by someone when that person tries to influence the behavior of others or subordinates (Miftah, 2010). A leader is someone who has a program and who works together with group members using a certain method or style. To improve employee performance, leadership style, work environment, and job satisfaction are essential to

encourage employees to improve their performance. Leadership is a process that influences the lives of others. Leadership style essentially refers to a leader's behavioral manifestations with their leadership abilities.

The work environment is a crucial factor influencing employee performance. According to Nitisemito (2008), the work environment refers to the entire work environment and infrastructure surrounding an employee's workplace, which can influence the work itself. Job satisfaction is an employee's attitude toward their job, such as a positive emotional state characterized by a feeling of comfort and loyalty to their work. This leads to job satisfaction, which aligns with the desired goals and contributes to the creation of quality work within the organization. Job satisfaction, in this case, serves as a mediating variable, also known as an intervening variable or process variable. Mediation occurs when the independent variable indirectly influences the dependent variable through at least one of the mediators.

Factors such as declining production, technical issues in the production process, or changes in the external environment that impact operations at Griya Anyam Jepara are currently experiencing a month-to-month decline in production. The Figure 1 displays data on the production decline at Griya Anyam. Based on Figure 1, it shows production data for Griya Anyam Jepara crafts from January to April 2024, it can be seen that the production level in January was 135 crafts. In February, the production level was 120 crafts. Furthermore, in March, the production level was 100 crafts. Then, in April, the production level was 80 crafts. This means that Griya Anyam Jepara's production level experienced a decline each month.

The purpose of this study is to analyze and prove the influence of leadership style and work environment on employee performance. Furthermore, to analyze and prove that leadership style and work environment influence employee performance through employee satisfaction as mediation.

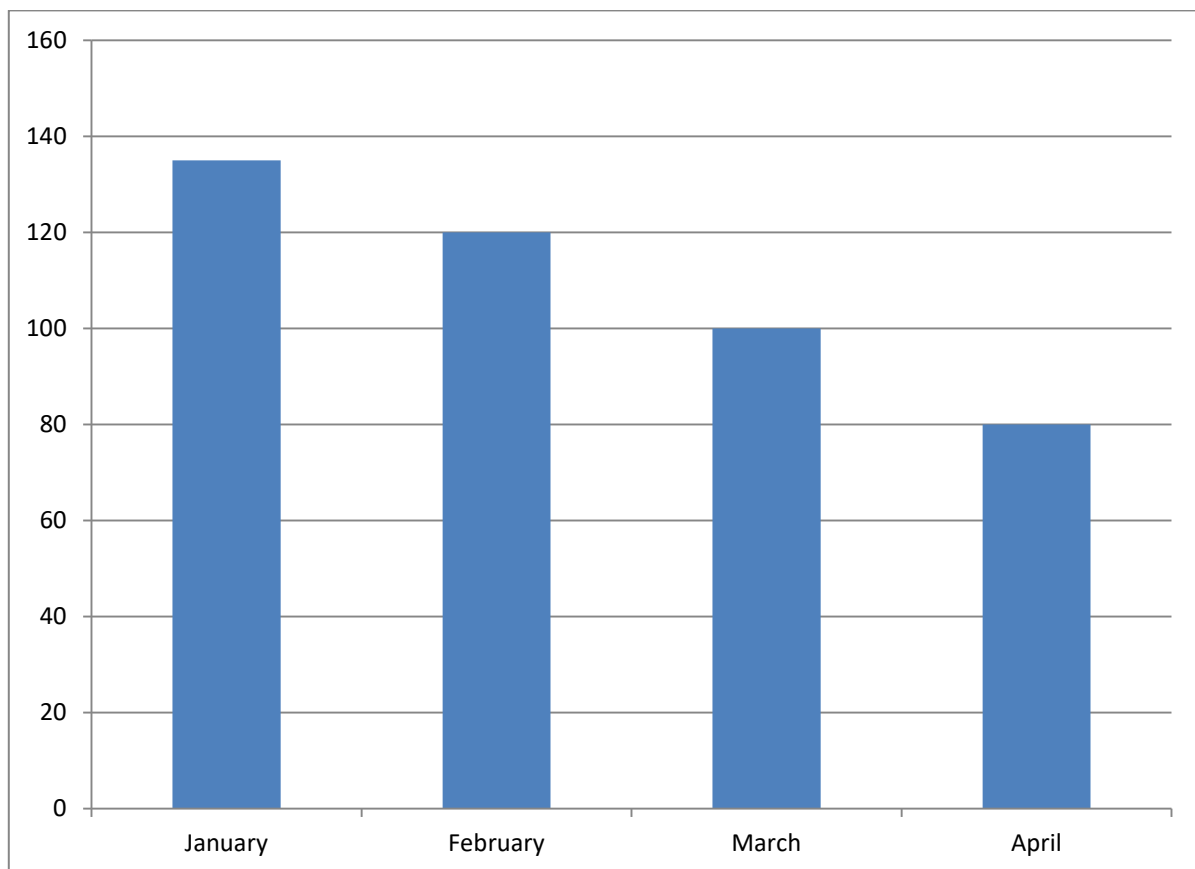


Figure 1. Jepara Weaving Craft Production Data Period January – April 2024

LITERATURE REVIEW

Employee Performance

Employee performance is the qualitative and quantitative work results achieved by employees in carrying out their duties following their assigned responsibilities (Mangkunegara, 2011; Sutrisno, 2016). Hasibuan (2003) also state that performance is the final result of a worker completing their tasks based on expertise, sincerity, and experience. Handoko (2001) defines motivation as a factor influencing performance achievement. This need is related to the basic human nature of achieving optimal results at work. Furthermore, job satisfaction reflects a person's feelings toward their job. This is reflected in the employee's positive attitude toward their work and everything they encounter in their work environment. Furthermore, stress levels are a state of tension that affects emotions, mental processes, and current circumstances. Excessive stress levels can affect a person's ability to cope with the environment, which ultimately impacts work performance. Working conditions that can affect performance include the workplace, ventilation, and lighting. The compensation system is the amount of reward an employee receives for their services to the company. Therefore, salaries need to be adjusted to increase employee morale. Finally, job design is a function that defines the work activities of an individual or group of employees at the organizational level. The workplace design must be clear so that employees can work well according to the assigned tasks.

Job Satisfaction

Job satisfaction is an individual's emotional response to work situations and conditions. This emotional response can be in the form of satisfaction or dissatisfaction with the job. Satisfaction indicates employee satisfaction with their job, while dissatisfaction indicates employee dissatisfaction. This is reflected in employees' positive attitudes toward their work and everything they encounter in their work environment (Handoko, 2011). Job satisfaction can also be defined as an individual's attitude toward their job, which arises from their attitudes toward different jobs (Suwatno, & Donni, 2014). Another definition of job satisfaction is individual: the more aspects of the job align with an individual's desires, the greater the satisfaction experienced, and vice versa (Haris et al., 2023).

Leadership Style

According to Mohiuddin (2017), leadership style can be defined as the behavior or method chosen and used by a leader to influence the thoughts, feelings, attitudes, and behavior of organizational members or subordinates. According to Thakur et al. (2019), leadership style is a set of characteristics through which a leader influences subordinates to achieve organizational goals. It can also be said that leadership style is a model of behavior preferred and frequently implemented by a leader. Types of leadership styles include charismatic leadership, paternalistic or maternalistic leadership, militaristic leadership, autocratic leadership, laissez-faire leadership, and populist leadership (River, 2019).

Work Environment

A good work environment is one in which employees can perform their duties optimally, healthily, safely, and comfortably. The work environment encompasses everything surrounding employees that can influence their performance, such as cleanliness, music, lighting, and so on (Nitisemito, 2008). Therefore, a good work environment significantly determines an individual's performance. The work environment also refers to all the tools and materials in the workplace, their work methods, and their work organization, both individually and in groups (Sedarmayanti, 2011). A pleasant work environment makes employees feel comfortable, thus increasing their productivity. A lovely work environment

can also influence employees' emotional attitudes. When employees feel comfortable in their work environment, they will feel comfortable at work, and employee productivity will increase, resulting in more efficient and effective use of work time. Nitisemito (2008) states that the work environment encompasses everything surrounding employees that can influence them in carrying out their assigned tasks. According to Shammout (2021), the work environment refers to the entire work environment and infrastructure around the employee's workplace, which can influence the work itself.

Research Hypothesis

- H1: Leadership style has a positive and significant effect on employee performance, so that the higher the leadership style applied, the higher the employee performance.
- H2: Work environment has a positive and significant effect on employee performance, so that the higher the work environment, the higher the employee performance.
- H3: Leadership style is suspected to have a positive and significant effect on employee performance, mediated by job satisfaction.
- H4: Work environment is suspected to have a significant positive effect on employee performance, mediated by job satisfaction.

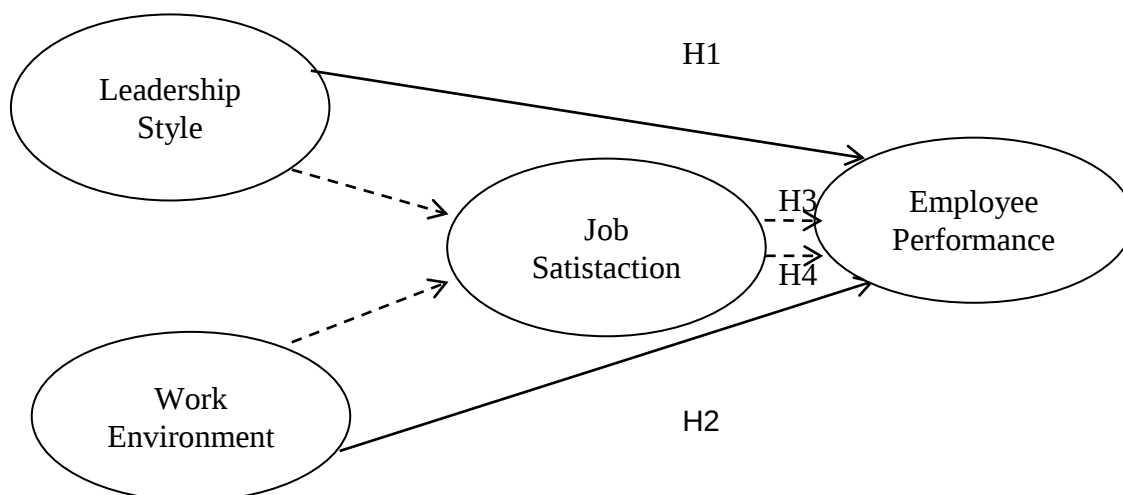


Figure 1. Theoretical Framework

RESEARCH METHOD

The population in this study is intended as a generalization consisting of objects or subjects with certain quantities and characteristics determined by the researcher to be studied, and then conclusions are drawn. The population in this study is all 50 employees of Griya Anyam Jepara. Saturated sampling technique was chosen as the sampling technique so that all members of the population could be used as samples. Therefore, the number of samples used in this study was 50 employees. Data processing and data analysis using quantitative methods with the help of SPSS 25.

RESULT AND DISCUSSION

Result

The Influence of Leadership Style on Employee Performance

Based on the research results, H0 determined that there is an influence between leadership style and employee performance. The results of this study explain that the calculated t-value is 3.801 and the t-table is 1.678. Therefore, the calculated t-value is $3.801 >$

1.678, with a probability value of $0.001 < 0.05$. Therefore, H_0 is rejected and H_1 is accepted. This means that, partially, leadership style has a positive and significant effect on employee performance at Griya Anyam Jepara.

The Influence of the Work Environment on Employee Performance

Based on the research results (H_0), it was determined that the work environment influences employee performance. The results of this study explain that the measured t-test is 1.606, and the t-table is 1.678. The t-test is $1.606 < 1.678$, and the significance probability value is $0.015 > 0.05$. Therefore, H_0 is accepted and H_2 is rejected. This means that the work environment partially has a positive but insignificant effect on employee performance at Griya Anyam Jepara.

The Influence of Leadership Style on Employee Performance through Job Satisfaction

Research indicates that the influence of leadership style on employee performance through job satisfaction is greater than the influence of leadership style on employee performance. Statistical calculations show that the direct effect of leadership style on employee performance is 0.472, while the indirect effect of leadership style on employee performance through job satisfaction is 0.089. The calculations indicate that the direct effect of leadership style on employee performance is greater than the indirect effect through job satisfaction. Based on these results, it can be concluded that job satisfaction is unable to mediate the influence of leadership style on employee performance because, based on the population I studied, the majority were weavers whose leadership style was determined based on their personality.

The Influence of Work Environment on Employee Performance through Job Satisfaction

The research revealed that the influence of the work environment on employee performance through job satisfaction is greater than the influence of leadership style on employee performance. Statistical calculations show that the direct effect of the work environment on employee performance is 0.115, while the indirect effect of the work environment on employee performance through job satisfaction is 0.060. The calculations indicate that the direct effect of the work environment on employee performance is greater than the indirect effect through job satisfaction. These results indicate that job satisfaction is unable to mediate the influence of the work environment on employee performance.

Discussion

The first result indicates that a good leadership style will improve employee performance. This indicates that evaluation practices at Griya Anyam Jepara are not yet optimal. Improvements are needed to further strengthen employee performance oversight to ensure optimal results. These findings support previous research by Mohiuddin, (2017), which provides empirical evidence that leadership style has a positive and significant impact on employee performance. Leadership style is formed when leaders can more effectively adapt their approach to motivate and inspire their teams and effectively achieve organizational goals.

Secondly, the finding indicates that a good work environment is sufficient to improve employee performance. These results align with research by Gunaseelan, & Ollukkaran (2012), which states that the work environment has a positive but insignificant effect on employee performance. Employees who implement a good work environment will influence employee performance. Therefore, the work environment is an important factor that companies must consider to improve their performance.

Further result suggests that leadership style has a greater impact on employee performance than the indirect effect through job satisfaction. These results suggest that job satisfaction is unable to mediate the influence of leadership style on employee performance because, based on the population I studied, the majority were weavers, whose leadership style was determined based on their personality. This suggests that long-standing employees who feel entitled to promotions based on seniority may feel disrespected if promotions are given to newer employees or those they perceive as less experienced. This suggests that organizations need to implement a transparent, objective promotion process based on performance and qualifications. These indicates that the relationship between promotion conditions and job satisfaction is a crucial factor in creating employee satisfaction and a comfortable work environment within the company. Research by Oyewobi (2024) empirically demonstrates a positive and significant relationship between leadership style and job satisfaction. Leaders with poor leadership styles will impact job satisfaction and, consequently, employee performance. Job satisfaction is a crucial factor that companies must consider to improve their performance.

Final finding indicates that job satisfaction is not able to mediate the influence of the work environment and employee performance. These is expected to maintain and increase production in line with company targets. Long-standing employees who feel more entitled to promotions based on seniority may feel disrespected if promotions are given to newer employees or those they perceive as less experienced. Organizations need to implement a transparent, objective promotion process based on performance and qualifications. This suggests that the relationship between promotion conditions and job performance is a crucial factor in creating employee satisfaction and a comfortable work environment within the company. Employees who feel a sense of responsibility in their work environment tend to have high job satisfaction, which can lead to improved employee performance. This research finding supports previous research by Rahman (2021), which stated that the work environment does not influence employee performance through job satisfaction. Employees who experience an unfavorable work environment will experience employee satisfaction and, in turn, impact employee performance. Job satisfaction is a crucial factor that companies must consider in improving their performance.

CONCLUSION

Based on the results that has been conducted, it can be concluded that the leadership style is proven to have a positive and significant effect on employee performance. The work environment is proven to have a positive and significant effect on employee performance. The work environment has a positive and insignificant effect on employee performance at griya anyam jepara. So this indicates that the work environment provided may not be good enough to improve employee performance. The leadership style variable on employee performance through job satisfaction is greater than the influence of leadership style on employee performance. The work environment variable influences employee performance through job satisfaction is greater than the influence of leadership style on employee performance.

Based on the research results, discussions, and conclusions above, the organization needs to improve by improving and strengthening employee supervision to ensure optimal work results. Furthermore, workplace renovations are needed to ensure all employees feel comfortable and safe during the production process.

This study has several limitations. Therefore, future research should expand the scope of the study, for example, to large manufacturing companies. Other recommendations for further study include incorporating internal employee factors such as motivation and competence.

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