

## EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE TO JOB SATISFACTION AT PT MUSIM MAS, MEDAN

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### ABSTRACT

*There are more and more multinational enterprises growing in Indonesia that makes foreign employees are increasing every year. Thus, it is important for local workers to understand the leadership style of expatriates from the companies' leaders and managers. The purpose of this research is to see the effect of transformational leadership style on job satisfaction conducted at PT Musim Mas, Medan. This research uses quantitative method with simple random sampling of 36 employees working in the company. The test results show that transformational leadership style has a positive significant effect on job satisfaction at PT Musim Mas, Medan as much as 69.5%.*

**Keywords:** *Transformational Leadership; Job Satisfaction; International Business*

### INTRODUCTION

The recent globalization has had a profound impact significant for the survival of the organization. Globalization has also caused rapid changes in business, which requires organizations to be better able to adapt to all changes that occur. To anticipate such a situation, company leaders are required to have the ability to handle the complexities of competition, new regulations and

rules of the global market. In this case, not just any leader needed by the company, but an effective leader who can be counted on to face challenges, take advantage of the flow of change and be able to bring followers to a common goal.

As we know from year to year the number of foreign workers coming to work in Indonesia is increasing, the following table shows the number of foreign workers from 2016-2018:

**Table 1** Number of Foreign Worker in Indonesia from 2016-2018

Years	Number of Foreign Workers
2016	80.375
2017	85.974
2018	95.335

Source:

(Bhwana,

2019)

Working in an environment with employees coming from different backgrounds might be challenging for both leaders and the employees as they need to adjust with multinational exposure. Thus, it is important for managers to adapt a suitable leadership style that works best in the company.

According to Prastiowati (2015) transformational leadership style is a leader strategy in influencing employees so that organizational goals are achieved. The strategy is carried out by transmitting everything the leader has that includes values, philosophy, life, attitudes and skills to his employees.

Cozy et al. (2019) in their article journal define job satisfaction as a positive attitude towards work in a person. The following are factors that will affect the level of job satisfaction as written by Baliartati (2016) such as job description, workload, and full control of the work.

To strengthen this study, several previous researchers have been discovered to show the relationship between transformational leadership style and job satisfaction. Jati et al. (2015) in the article shows that expatriate leadership have significant effect on employee job satisfaction. The behavior shown by leaders to influence their subordinates is proven to be acceptable to employees and the national culture brought by expatriates is able to be accepted by local employees. Another research is done by Chandrasekara (2019) also shows that the transformational leadership

has positive significant influence on job satisfaction and job performance. Workers are the most vital strength in organization so as leaders should lead and motivate their workers in daily work and accomplish company goals.

PT Musim Mas, Medan, as the object in this research, is a company in which headquartered in Singapore. The company operates globally across the spectrum of the palm oil business. As a private company, they employ 37,000 people of various nationalities and backgrounds. Their products are marketed to more than 80 countries around the world. This study aims to examine the effect of transformational leadership style on job satisfaction at PT Musim Mas located in Medan, Indonesia.

## **METHODOLOGY**

This research uses quantitative method by having statistical data to evaluate the relationships between the variables. It is to examine specific population and sample in order to test predetermined hypothesis. Primary data is taken by conducting interview and survey, while secondary data is collected from various textbooks and other sources.

The population of PT Musim Mas, Medan in this research is 40 employees working in the head office of the company. Random sampling of 36 employees is used as sampling method, as suggested by Sujarweni (2014, p.8), where *“Sampel adalah bagian dari sejumlah karakteristik yang dimiliki oleh populasi yang digunakan untuk*

*penelitian. Bila populasi besar, peneliti tidak mungkin mengambil semua untuk penelitian misal karena terbatasnya dana, tenaga, dan waktu, maka peneliti dapat menggunakan sampel yang diambil dari populasi itu".* Stratified sampling is also used because questionnaire surveys are distributed to PT Musim Mas, Medan to 3 departments under the leadership of expatriates who implement transformational leadership styles.

Furthermore, descriptive statistics are used to organize and summarize data whether they come from studies of populations or samples.

## FINDINGS AND DISCUSSION

In doing the pre-test for this research, 30 employees in Internal Audit Department of PT Musim Mas, Medan were taken as respondents for validity and reliability test. The pre-test was done online via Google form due to the Covid-19 pandemic and was completed on May 2020. The result

of validity test is done for a total of 16 questions with eight questions representing variable X and another eight questions representing variable Y. The result of the validity test for transformational leadership style and job satisfaction variable in the questionnaire are valid because the results are more than 0.361. For reliability test, the values of Cronbach's Alpha of variable Transformational Leadership Style and Job Satisfaction are 0.847, and 0.859 respectively, which all have greater value than 0.6 to show that all variables are deemed reliable.

### Descriptive Statistics

The employees of PT Musim Mas, Medan in 3 departments under expatriates which are Compliance Department, Compliance Internal Audit and SHEQ D&I Department, were asked to answer the questionnaires. Each question given has five choices which are based on the Likert Scale, with the scale from strongly disagree, disagree, neutral, agree to strongly agree.

**Table 2** Descriptive Statistics (Transformational Leadership Style)

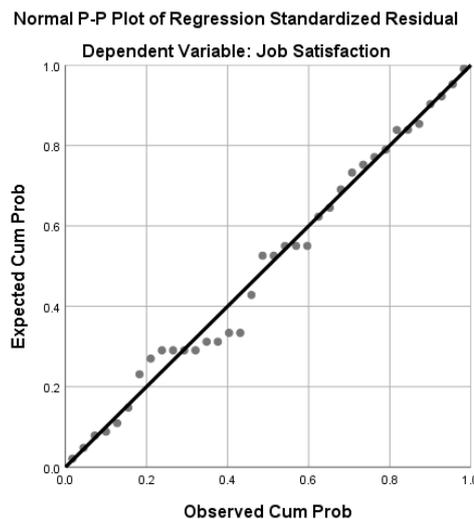
		Statistics							
		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
N	Valid	36	36	36	36	36	36	36	36
	Missing	0	0	0	0	0	0	0	0
Mean		4.08	4.08	3.94	4.44	4.11	3.89	4.19	3.75
Median		4.00	4.00	4.00	5.00	4.00	4.00	4.00	4.00
Mode		4	4	4	5	4	4	4	4
Std. Deviation		.280	.554	.333	.773	.575	.465	.525	.554
Variance		.079	.307	.111	.597	.330	.216	.275	.307

**Table 3** Descriptive Statistics (Job Satisfaction)

		Statistics							
		Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16
N	Valid	36	36	36	36	36	36	36	36
	Missing	0	0	0	0	0	0	0	0
Mean		3.92	3.53	3.92	3.81	3.61	3.61	3.56	3.50
Median		4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.50
Mode		4	3	4	4	4	4	4	3 <sup>a</sup>
Std. Deviation		.280	.609	.280	.749	.599	.599	.773	.507
Variance		.079	.371	.079	.561	.359	.359	.597	.257

Classic Assumption Test

Normality Test



**Figure 1** Normal P-Plot Output

From the table above, it can be seen from the Normal P-Plot that the data points are clustered around a straight line that intersects the X-axis and Y-axis at the point (0,0). They spread around the diagonal line and follows the direction of the line. In other words, the points are

reasonably close to the line with no indications of systematic deviations from the line. Thus, it can be concluded that the residual data is normally distributed.

Linearity Test

**Table 4** Linearity Test

ANOVA Table							
			Sum of Squares	Df	Mean Square	F	Sig.
Job Satisfaction * Transformational Leadership Style	Between Groups	(Combined)	211.681	8	26.4607	8.797	.000
		Linearity	203.490	1	203.490	67.656	.000
		Deviation from Linearity	8.191	7	1.170	.389	.901
	Within Groups		81.208	27	3.008		
	Total		292.889	35			

From the table above 4.24, the linearity test for both transformational leadership style and job satisfaction is less than 0.05 that

means both variables have linear relationship.

**Heteroscedasticity Test**

**Table 5** Heteroscedasticity Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardize Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.373	1.845		2.371	.024
	Transformational Leadership Style	-.095	.057	-.276	-1.678	.103

a. Dependent Variable: ABSRES

According to the table above, it is shown that the Sig.value for the Transformational Leadership Style variable is 0.103, which is higher than 0.05. Thus, it can be concluded that there is no heteroscedasticity problem or any inequality of

variance in one variable with the other variable.

**Linear Regression**

**Table 6** Output Result of Linear Regression Analysis

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.181	3.337		.054	.957
	Transformational Leadership Style	.900	.102	.834	8.797	.000

a. Dependent Variable: Job Satisfaction

To interpret the equation, (a) is the starting point when regression line crosses the Y= 0.181 when X=0. (b) is 0.9 is the value when every X increase will also cause increasing in the Y 0.9. It can be assumed that the transformational leadership style have a positive effect on job satisfaction.

**Determination Test**

Coefficient of Determination is a number that states the contribution between variables or how well does a model explain and predict outcomes. In other words, it is used as a guideline to measure the accuracy of the model.

**Table 7** Coefficient of Determination Test Result

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834 <sup>a</sup>	.695	.686	1.622
a. Predictors: (Constant), Transformational Leadership Style				
b. Dependent Variable: Job Satisfaction				

The coefficient of determination (R Square) is 0.695 which means that 69.5% of transformational leadership style is affected the job satisfaction, while 30.5% is affected by other factors.

**Hypothesis Testing**

Hypothesis test is done to find out the level of significance of the hypothesis. Variable X (Transformational Leadership Style) has a significant effect on variable Y (Job Satisfaction).

**Table 8** Hypothesis Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)		3.337		.054	.957
	Transformational Leadership Style	.900	.102	.834	8.797	.000

a. Dependent Variable: Job Satisfaction

**Discussion**

The result of coefficient correlation ( $R^2$ ) is 0.695 which is means 69.5% of transformational leadership style have effect on job satisfaction at PT. Musim Mas, Medan while the rest 30.5% is affected by other factors for examples employee loyalty, total rewards, cross culture, and many more.

The result of hypothesis test in this research is less than 0.05 where the  $H_a$  is accepted and  $H_0$  is rejected. This means the transformational leadership style has effect on job satisfaction at PT Musim Mas, Medan.

Based on the data analysis results, the findings of this research are consistent with that of previous researches, in which the independent

variable, Transformational Leadership Style, has a significant effect towards the dependent variable, Job Satisfaction.

## CONCLUSION

Based on the discussions above, it can be concluded that transformational leadership style has significant effect on job satisfaction at PT Musim Mas, Medan. Moreover, the correlation between transformational leadership style towards job satisfaction at PT Musim Mas, Medan is a strong positive correlation which indicates that the more transformational leadership style is enhanced at PT Musim Mas, Medan, the higher the job satisfaction will be. The implementation of transformational leadership style which includes charisma, inspirational motivation, intellectual stimulation, and individual attention do have effect on job satisfaction at PT Musim Mas, Medan. Therefore, by implementing these factors will help the company to increase employee job satisfaction.

Upon finishing this research, the writer has several recommendations as follow. PT Musim Mas, Medan should keep implementing transformational leadership style in the company. It really help to boost the employee job satisfaction in the company. It is also crucial for the employee to get clear direction to complete their task to in order to get maximum result of the task. As it has been mentioned before, transformational leadership has effect 69.5% of job satisfaction for this company, while the other 30.5% is explained by other factors.

Hence, the company needs to look for some other factors that can effect job satisfaction such as loyalty, total rewards, and cross culture, and etc. For employee at PT Musim Mas, Medan, it is recommended that they can give some feedback for their leaders so in the future they will be able to correct each other's mistakes, which will build better job satisfaction.

For other international company or similar industries, is it recommended to understand the importance of the implementation of transformational leadership style because it is proven to be effective for the company. Every company should find their own way in implementing the transformational leadership style depending on every company situation. Lastly for other researchers, it is recommended to share their knowledge and findings from this research to other researchers who are also conducting same research with the same variable so they can compare whether the findings are similar or different. Moreover, it can also be used to increase the reliability of the writer research if the result is similar to this research.

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