

CHAPTER II

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Background

Several theories from this study will be examined in this part, including leadership, work motivation, employee performance, and job satisfaction. The discussion of these theories is beneficial for generating hypothesis and advancing the research process.

2.1.1 Employee Performance

According to Kasmir (2016) in Lindawati & Parwoto (2021) performance is the result of work and work behavior achieved by a person in completing the tasks and responsibilities given in a certain period. Individual performance has a strong influence on corporate performance. Performance as defined by Riva'i (2009) as cited by Dewi et al. (2019) is the willingness of an individual or group to accomplish a task and optimize it in accordance with their duties and expected outcomes. According to Wirawan (2017) in Lindawati & Parwoto (2019), performance defined as the output of functions or dimensions of job performed by human resources or personnel over a specific time period.

According to Robbins & Judge (2009) as cited by Edward & Kaban (2020), performance is the achievement of both quantity and quality over a period of time, often within a year. While Andreani & Petrik (2016) in journal by Edward & Kaban (2020) argue that employee performance is the result that an employee

aspires to accomplish by utilizing his abilities and experience to complete the assigned work.

According to Nguyen et al. (2020), Performance is an outcome of motivation and ability to accomplish one's jobs or tasks with an appropriate level of willingness and skill. Performance is a function of motivation and ability to complete one's tasks or work duly have a certain degree of willingness and level of ability. In other words, performance is an actual behavior that everyone demonstrates as a job accomplishment achieved by employees according with their organizational role.

While according to Suwanto and Priansa (2018) in journal by Irwan et al. (2020), employee's performance can be defined as the outcomes they produce in relation to their work, behavior, and actions relative to predetermined standards and time constraints. Employee performance is the quality and quantity of work accomplished by an employee in the course of doing his duties in line with the obligations assigned to him (Razak et al., 2018).

According to Irwan et al. (2020) individual employees' performance is influenced by a variety of elements, including their abilities, motivation, support received, the presence of the task they perform, rewards or incentives, and their relationship with the company. Performance review within a company's structure is essential for employee development, regardless of the nature of the work's outcomes in terms of quality, quantity, or timeliness (Kuswati, 2020).

Indicators for employee performance in the research of Kreitner & Kinicky (2014) in Edward & Kaban (2020) are:

1. Quantity output
2. Quality output
3. Presence
4. The ability to work together

2.1.2 Leadership

According to Burns (1978) in Dinibutun (2020), the definition of leadership is provoking followers to behave for specific goals that reflect both the leaders' and followers' values, motivations, wants, needs, aspirations, and expectations. The leaders organized resources to stimulate, engage, and satisfy the followers' motivations (Burns, 1978). As defined Muizu and Sari (2019) in Rivaldo (2021) a leader must be able to develop positive personal relationships between those being led and those leading in order to encourage mutual respect, trust and commitment, mutual assistance, and a sense of togetherness.

According to Hasibuan (2010) in Nguyen et al. (2020) leadership is someone who uses his authority and leadership, directing subordinates to do some of his work in achieving organizational goals. Robbins and Judge (2015: 249, 262) argue that leadership is the ability of a person to influence a group to try to achieve the vision or goals of the organization, therefore organizations need strong leadership for optimal effectiveness.

Hersey and Blanchard (1986) in Atika et al. (2019) said that leadership as an activity to affects people to try to achieve group goals voluntarily. Leadership happens in groups, with this "group" being the context in which leadership occurs. Leadership entails persuading a group of people who have a shared objective.

This could be a small task group, a community organization, or an organization-spanning broad group. A leadership is a someone who influences a group of people to achieve common goals. Others in group are necessary for leadership to take place (Northouse, 2021).

According to Kesting et al. (2016) in (Malik & Azmat, 2019) said that Leadership was the method by which a person inspired or encouraged others to accomplish organizational objectives. It is the process of developing and promoting employees' self-esteem and desire to accomplish organizational objectives and tasks. Leadership may be viewed as the process or act of influencing the activities and actions of a group in order to define its goals and achieve them (Stogdill, 1950).

According to Malik and Azmat (2019), Leadership is the process through which one or more individuals inspire and motivate others to achieve common goals or objectives, which may be altered or added to in response to changing circumstances. It communicates with the people on a level beyond the superficial or formal, and builds a link that inspires rather than compels them to act. Leadership is not restricted to predetermined goals or targets, but can modify or create new ones based on the situation or necessity.

According to Bogardus (1934:33) in Iman & Lestari (2019) defined leadership, in the sense of a leader, is exemplified by a person who possesses unique abilities and strengths in one subject, allowing him to encourage others to carry out certain tasks jointly for the attainment of one or more objectives. Leadership can use the power of intellect and knowledge to persuade subordinates

to perform their given tasks with a sense of responsibility and excitement, thereby influencing work motivation (Susanto, et al., 2020).

Indicators for leadership in the research of Atika, et. al (2019) are:

1. Participation of subordinates in the decision-making or policy-making process.
2. Leadership provides clear directions or instructions.
3. Leadership effectively satisfies the expectations and requirements of subordinates and acts fairly.
4. Leadership communicates or discusses openly.
5. Leadership involves the application of discipline and supervision to the workplace conduct of subordinates.

2.1.3 Work Motivation

According to Krstic et al. (2018) in journal cited by Rivaldo (2021), motivation is given with the potential to induce action that leads to the attainment of predefined objectives.

According to Hasibuan (2018) as cited by Lindawati and Parwoto (2019) stated that formally the influence of human behavior is three needs which is known as McClelland's needs theory, there are need for achievement, need for power, and need for affiliation of his existence. It could possibly be claimed that employee conduct at work is driven by their needs, which in turn motivates them to attain their goals.

According to Luthan (2003) as cited in journal by Sudiardhita et al. (2018), motivation is a process that begins with the physiological and psychological

demands which generate behavior or encouragement leading to objectives or rewards. Motivation includes 3 (three) interacting elements, namely: (1) Needs, needs to be created when there is physiological and psychological imbalance; (2) Encouragement, created to meet the needs; (3) Incentives, everything that can meet the needs and decrease encouragement.

According to Sunarto & Larasati (2021), motivation is a transformation in a person that manifests as emotions, psychological and emotional symptoms that urge individuals to do or act in response to their needs, wants, and objectives. As defined by Robbins (2001) in Yulianto (2018), motivation is a manner of satisfying employees' wants, which indicates that when certain circumstances satisfy a person's requirements, that individual will use his or her best efforts to attain organizational goals.

According to Prabowo et al. (2017) in (Priarso et al., 2018), Work Motivation can be described as a person's capacity to raise their performance potential in an activity. Motivation is the presence of autonomy support, which indicates that organizational management pay attention to every choice that is intended to promote the well-being of employees (Paais & Pattiruhu, 2020). While according to Kurnia et al. (2019) as cited by Jufrizen & Sitorus (2021), Motivation is the provision of a driving force that generates enthusiasm for one's work, so that individuals are willing to collaborate, work effectively, and combine all of their efforts to attain satisfaction.

According to Basalamah & As'ad (2021), human resource management, and integration in particular, is the driving force behind an individual's intrinsic

potential, and it is this force that motivates people to work hard. According to Latief et al. (2018), If a person is highly motivated, they will perform the task to the fullest extent, if a worker lacks motivation, he will not be able to contribute much innovative to achieving the company's goals. This motivation is crucial because, with motivation, each employee is expected to perform diligently and enthusiastically to attain high work productivity (Basalamah & As'ad, 2021).

Indicators for work motivation in the research of Parrek (2005) in Yulianto (2018) are:

1. Work performance
2. Influence
3. Control
4. Dependence
5. Development
6. Affiliation

2.1.4 Job Satisfaction

According to Barnett (2017) Job satisfaction is frequently viewed as a complicated blend of an individual's emotions, values, and perceptions of the activities involved with their job. It indicates how a person feels about his or her job. It is evident from the employees' good attitude toward their work and every aspect of their work environment (Rivaldo, 2021).

According to Gill et al. (2010) as cited by Edward & Kaban (2020), job satisfaction refers to result of an employee with their overall work experience, which take into account factors such as salary or wages earned, working

conditions, and the leadership's attitude. While According to Gibson et al. (1996) in Sudiardhita (2018), Job satisfaction is an individual's attitude toward their work. Additionally, job satisfaction is an emotional reaction to one's obligations, together with the social and physical workplace conditions (Sudiardhita, 2018).

According to Locke (1976) as cited by Barnett (2017), job satisfaction is a pleasant or positive emotional condition caused by the evaluation of individual employment or work experience. According to Fitzgerald (1994) in Hanafi & Yohana (2017), job satisfaction is one of the factors for determining organizational health, offering effective services, and being highly dependent on human resources and employee job satisfaction. In other words, job satisfaction is a condition defined by pleasant feelings resulting from a employee's enjoyment of their employment.

According to Priarso et al. (2018), job satisfaction is defined as multidimensional psychological or positive emotional responses to an individual's work, which is a significant value and has great significance to them. Job satisfaction as defined by Hartatik (2014) in Dewi (2019) is a general perspective that is the outcome of various specific attitudes toward job conditions, adjustment, and social relationships outside of work.

According to Jusmin et al. (2016) in Yulianto (2018), job satisfaction is an evaluation that depicts a person's feelings of happiness or unhappiness, satisfaction or dissatisfaction with their employment. While according to Bell and Sheridan (2020), job satisfaction might be a factor in boosting employee

performance. Satisfaction is a crucial determinant of employee morale, discipline, and work performance in achieving company objectives (Iman & Lestari, 2019).

Indicators for job satisfaction in the research of Robbins (2006) in Yulianto (2018) are:

1. Mentally challenging work
2. Appropriate rewards
3. Supportive working conditions
4. Supportive co-workers

2.2 Previous Research

Table 2. 1 Previous Research

Researcher	Year	Title	Variables	Result
Yandra Rivaldo	2021	Leadership and Motivation to Performance through Job Satisfaction of Hotel Employees at D'Merlion Batam	Leadership Motivation Employee Performance Job Satisfaction	Leadership does not directly have a significant effect on job satisfaction. Motivation has a direct effect on job satisfaction. Leadership has a significant direct effect on employee performance. Motivation has a significant direct effect on employee performance. Job satisfaction directly has a significant effect on employee performance. Indirect leadership through job satisfaction does not have a significant effect on employee performance. Indirect motivation through job satisfaction does not have a significant effect on employee performance.

Source: Prepared by the writer (2022)

The previous research that the writer used in this research is from Yandra Rivaldo (2021) from Business Management Department, Institut Agama Islam Abdullah Said Batam, Indonesia. The research is titled “Leadership and Motivation to Performance through Job Satisfaction of Hotel Employees at D’Merlion Batam”. This study focuses on a hotel in Batam, Indonesia, as its research object. The sample was drawn from a population of 45 employees of Hotel D’Merlion Batam using a census technique. The research included a causal model survey method and path analysis methodologies.

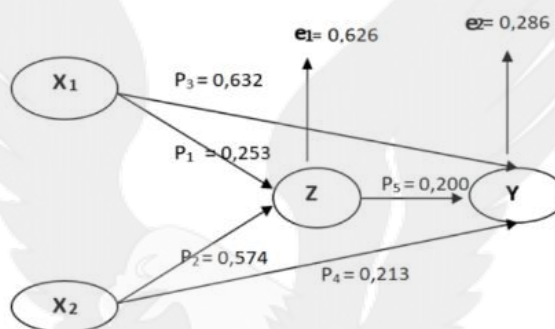


Figure 2. 1 Research Model from Previous Research
Source: Yandra Rivaldo (2021)

Construct	Coefficient		Effect	
	Beta	Sig.	Direct	Indirect
$X_1 \rightarrow Z$	0,253	0,082	0,253	
$X_2 \rightarrow Z$	0,574	0,000	0,574	
$X_1 \rightarrow Y$	0,632	0,000	0,632	
$X_2 \rightarrow Y$	0,213	0,009	0,213	
$Z \rightarrow Y$	0,200	0,008	0,200	
$X_1 \rightarrow Z \rightarrow Y$				0,050
$X_2 \rightarrow Z \rightarrow Y$				0,114

Figure 2. 2 Result of Previous Research
Source: Yandra Rivaldo (2021)

From the previous research table above, there are rejected hypothesis which is H1. It stated that leadership (X1) does not directly have a significant effect on job satisfaction (Z). The indirect effect is also rejected, which is

leadership (X1) through job satisfaction (Z) does not have a significant effect on employee performance (Y) and also motivation (X2) through job satisfaction (Z) does not have a significant effect on employee performance (Y). Concerning the research object matter, this research differs from others. In contrast to the previous research, which used a hotel, this research focuses on a specific type of business which is wholesale distributors of footwear.

2.3 Hypothesis Development

The following are research hypothesis that are used to analyze the effect:

2.3.1 The Effect of Leadership on Job Satisfaction

According to research conducted by Irwan et al (2020), leadership can have a significant influence in increasing employee job satisfaction. In research by Pancasila et al. (2020), in leading an organization, a leader can develop employee appreciation for his leadership. Therefore, the selection of an appropriate leadership style for subordinates will have an effect on employee job satisfaction. Also supported by Paais & Pattiruhu (2020), stated that leadership has a significant impact on employee job satisfaction.

H1: Leadership has significant effect on job satisfaction

2.3.2 The Effect of Work Motivation on Job Satisfaction

Research conducted by Sudiardhita et al. (2018), motivation significantly affects job satisfaction; The motivation of work is needed by employees to be able to achieve a high job satisfaction although by its nature job satisfaction is relative or different from one person to another. Also supported by researchers Dewi et al.

(2019) argue that work motivation has positive and significant effect on employee job satisfaction. To conclude, Hanafi & Yohana (2017) stated in the results of the research that motivation variable on job satisfaction has a positive and significant effect.

H2: Work motivation has significant effect on job satisfaction

2.3.3 The Effect of Leadership on Employee Performance

Rozi (2019) clarify that leadership has a significant effect to employee performance. Supported also by research conducted by Bernanthos (2018) that leadership directly and positively affect the employee performance. Also supported by previous research Rivaldo (2021) which using hotel as the object of the research, found that leadership has a significant direct effect on employee performance at D'Merlion Batam Hotel.

H3: Leadership has significant effect on employee performance

2.3.4 The Effect of Work Motivation on Employee Performance

Research conducted by Asriani et al. (2020) shows the results that the work motivation variable has a positive and significant effect employee performance. According to Nguyen et al. (2020), an improvement in technical competence, conceptual capacity, responsibility, initiative, and interpersonal connection skills can be expected when employees have high work motivation in carrying out their task in the form of both intrinsic and extrinsic motivation. According to Arisanti et al. (2019) there is a significant influence between work motivation variables on employee performance variables.

H4: Work motivation has significant effect on employee performance

2.3.5 The Effect of Job Satisfaction on Employee Performance

Wirya et al. (2020) informed that employee performance at PT. BPR Sedana Pure is positively and significantly affected by the job satisfaction variable. In research previous research by Rivaldo (2021), also state that job satisfaction directly has a significant on performance of employee. According to research conduct by Priarso et al. (2018) there is an effect between the job satisfaction on Employee Performance at PT. Gynura Consulindo. the higher the level of job satisfaction felt by employees, the better the achievement of work results to be obtained by employees.

H5: Job satisfaction has significant effect on employee performance

2.3.6 The Effect of Leadership on Employee Performance through Job Satisfaction

According to Bernanthos (2018) research result that leadership has a positive and significant effect indirectly on employee's performance through job satisfaction. This hypothesis is also supported by Alshehhi et al. (2019), job satisfaction as a mediating variable has a positive and significant effect on leadership on employee performance. It is important for management to ensure that the implementation of leadership runs effectively. Supported by the results of researchers from Iman & Lestari (2019) that leadership able to have direct affect the performance of employees through job satisfaction.

H6: Indirect leadership has significant effect on employee performance through job satisfaction

2.3.7 The Effect of Work Motivation on Employee Performance through Job Satisfaction

According to Roz (2019) An employee's sense of job satisfaction is influenced by a leader's attractiveness, ability to inspire, ability to provide intellectual stimulation, and ability to deliver individualized attention. Research conducted by Hanafi & Yohana (2017), The effect of motivation on employee performance is positive and significant when mediated by job satisfaction. In conclusion, having highly motivated workers increases job satisfaction, which in turn can improve performance (Irwan, et al. 2020).

H7: Indirect work motivation has significant effect on employee performance through job satisfaction

2.4 Research Model

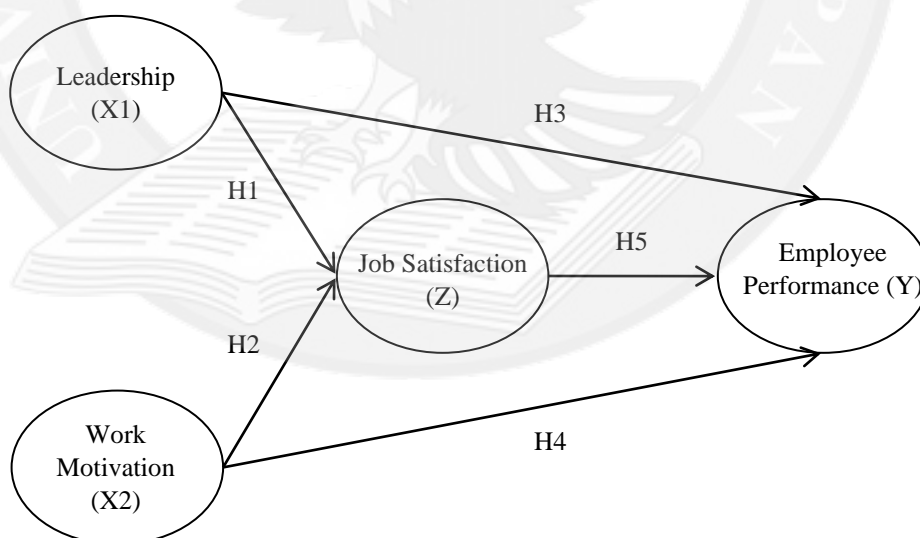


Figure 2. 3 Research Model

Source: Prepared by the writer (2022)

2.5 Framework of Thinking

Background of the Study

It is crucial to pay attention to employee performance in order for the company continues to provide the best. In order to maintain great employee performance in a company, this study will examine the factors that effect it, including leadership, work motivation, and job satisfaction

Research Problems

1. "Does leadership have significant effect on job satisfaction at PD. Duta Prima Sportindo?"
2. "Does work motivation has significant effect on job satisfaction at PD. Duta Prima Sportindo?"
3. "Does leadership have significant effect on employee performance at PD. Duta Prima Sportindo?"
4. "Does work motivation has significant effect on employee performance at PD. Duta Prima Sportindo?"
5. "Does job satisfaction have significant effect on employee performance at PD. Duta Prima Sportindo?"
6. "Does leadership have significant effect on employee performance through job satisfaction at PD. Duta Prima Sportindo?"
7. "Does work motivation has significant effect on employee performance through job satisfaction at PD. Duta Prima Sportindo?"

Theoretical Framework

1. Malik and Azmat (2019) described leadership as "The process through which one or more individuals inspire and motivate others to achieve common goals or objectives, which may be altered or added to in response to changing circumstances."
2. According to Kurnia et al., (2019) as cited by Jufrizen and Sitorus (2021) described work motivation as "The provision of a driving force that generates enthusiasm for one's work, so that individuals are willing to collaborate, work effectively, and combine all of their efforts to attain satisfaction."
3. According to Kasmir (2016) in Lindawati & Parwoto (2021) defined employee performance as "The result of work and work behavior achieved by a person in completing the tasks and responsibilities given in a certain period."
4. Barnett (2017) defined job satisfaction as "A complicated blend of an individual's emotions, values, and perceptions of the activities involved with their job."

Hypothesis

- H1: Leadership has significant effect on job satisfaction at PD. Duta Prima Sportindo
 H2: Work motivation has significant effect on job satisfaction at PD. Duta Prima Sportindo
 H3: Leadership has significant effect on employee performance at PD. Duta Prima Sportindo
 H4: Work motivation has significant effect on employee performance at PD. Duta Prima Sportindo
 H5: Job satisfaction has significant effect on employee performance at PD. Duta Prima Sportindo

H6: Leadership has significant effect on employee performance through job satisfaction at PD. Duta Prima Sportindo
H7: Work motivation has significant effect on employee performance through job satisfaction at PD. Duta Prima Sportindo

Figure 2. 4 Framework of Thinking

Source: Prepared by the writer (2022)

