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## Article

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# The Effect of Transformational Leadership and Competence on Employee Performance with Job Satisfaction as Intervening Variable

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## Abstract

*This study aims to see and determine the effect of transformational leadership and competence of PT Waruna Shipyard Indonesia on employee performance through job satisfaction as intervening variable. This research was conducted at PT. Waruna Shipyard Indonesia, located on Bagan Deli Street, Medan Belawan District, North Sumatra. This research was conducted in the month of August 2019-January 2020. The data analysis tool by structural equation modeling (SEM) with smartpls program. The population is employees at PT. Waruna Shipyard Indonesia in 2019, namely as many as 134 employees. This study used slovin formula for the sampling, calculations sample were respondents is 100 permanent employees of PT. Waruna Shipyard Indonesia. Thus taken 30 respondents outside of the sample to validity and reliability test instrument for testing questionnaires. Based on structural equation modeling (SEM) analysis, transformational leadership and competence have positive and significant effect on employee performance with job satisfaction as intervening variable at PT. Waruna Shipyard Indonesia. The contribution of transformational leadership, competence, and job satisfaction explains the employee performance variable of 0.724 or 72.40%. The remaining 0.276 or 27.60% is effect by other independent variables not examined in this study.*

## Keywords

Transformational Leadership, Competence, Employee Performance, Job Satisfaction

## JEL Codes: L25

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## 1. Introduction

The implementation of free trade gradually began to be implemented the beginning of the 21st century in the country - a country of Southeast Asia, Asia Pacific until it can be applied internationally, has been agreed by the leaders of developed countries and developing countries, including Indonesia. Good performance is one of the important assets for an organization to achieve its goals, namely to maximize profits and value for the organization, and also improve the welfare of owners, employees and the community around the organization standing (Wibowo, 2014). To achieve this requires the availability of resources human is competent, skilled, responsive to change commonly known as the human resources that have high performance. Rivai (2014) suggests the existence of human resources in a organization plays an important role because of the strategic role of resourceman as the executor of organizational functions including planning, organization, staff management, leadership, control and surveillance as well as the organization's operational executive.

PT. Waruna Shipyard Indonesia domiciled in the Bagan Deli Lama, Belawan is a company engaged in the field of ship building (shipyard company) with the initial name PT. Waruna Nusa Sentana stood since 1990 is one of the shipyards in Sumatra North then in 2015 changed to PT. Waruna Shipyard Indonesia. Currently, PT. Waruna Shipyard Indonesia has 6 dry dock with capacities ranging from 1,000 to 120,000 dead weight tonnage (DWT), which makes the PT. Waruna Nusa Sentana as one company largest shipyard in Indonesia. Service users shipyard PT. Waruna Nusa Sentana include various national and international companies such as Wilmar Group, Shipload Maritime PTE. LTD., PT. Pupuk Sriwidjaja Palembang, PT. Kaltim Prima Coal, PT. Semen Indonesia, Tbk, CNOOC, and PT. Pertamina.

Entering 2019, PT. Waruna Nusa Sentana facing wide challenges from both internal and external. As the change in the level of top management that is general manager shipyard which has been instrumental in bringing the company grow and develop, the demand for the company shipowner (shipping company) that performs docking demands a different certification must be owned by either by companies or resource man in the company. To measure the performance of employees at PT. Waruna Shipyard Indonesia assessment of performance each semester, where half the votes starting from January through June while the second semester starts votes from July through the month December. Employee performance appraisal results in the second half of 2018 and half of 2019 can see in Table 1 with Table 2.

Table 1. Assessment Employee Performance in PT. Waruna Shipyard Indonesia Semester II 2018

No.	Score	Number of Employees	Percentage (%)
1.	A(81 – 100)	11	8
2.	B(71 – 80)	39	29
3.	C(56 – 70)	54	40
4.	D(45 – 55)	25	19
5.	E(0– 44)	5	4

Source: Data Processed Researcher (2020).

Table 2. Assessment Employee Performance in PT. Waruna Shipyard Indonesia First Half 2019

No.	Score	Number of Employees	Percentage (%)
1.	A(81 – 100)	7	5
2.	B(71 – 80)	37	28
3.	C(56 – 70)	54	40
4.	D(45 – 55)	29	22
5.	E(0– 44)	7	5

Source: Data Processed Researcher (2020).

From Table 1 and Table 2 it can be seen that the percentage amount employees who are getting grades A and B in the second half of 2018 by 37% Whereas in the first half of 2019 amounted to 33% of the total employees, the percentage of employees who earn grades C to E percentage in the second half of 2018 reached 63% while in the first half of 2019 amounted to 67% of the total employees. Based on the phenomenon that has been described above indicate that performance of PT. Waruna Shipyard Indonesia is still not optimal. Wibowo (2014) put forward in an organization's performance by all of the source human resources in organizations, both elements of leadership and workers. Performance the organization is determined by the performance of employees within an organization such as the employee's performance will impact on performance organization as a whole, which in turn can be seen from the achievement organization, in other words an organization will be able to grow and thrive if supported by human resources which have high performance. In June 2019 the PT. Waruna Shipyard Indonesia out the survey job satisfaction were planned to be conducted regularly every year, job satisfaction survey in 2019 can see in Table 3:

Table 3. Recapitulation Job Satisfaction Survey Results in PT. Waruna Shipyard Indonesia 2019

No.	Score	Number of Employees	Percentage (%)
1.	Very Satisfied	15	11
2.	Satisfied	29	22
3.	Neutral	60	45
4.	Dissatisfied	25	18
5.	Very Dissatisfied	5	4

Source: Data Processed Researcher (2020).

From Table 3 it can be seen that the total employee stating very satisfied and satisfied as much as 44 or 33%, while stating neutral as much as 60 or 45% and who are not satisfied and very not satisfied many as 30 people or 22% of total employees. Not optimal performance and job satisfaction of employees at PT. Waruna Nusa Sentana allegedly caused by factors of leadership that has not been optimal in influencing employees to improve performance. Leadership is one factor that was instrumental in determine the success of an organization. Wibowo (2014) explained that the leadership of the organization was instrumental in affect the performance of employees, how leaders establish relationships with workers, how they reward workers achievement; how they develop and empower workers, greatly affect the performance of human resources become subordinates.

Leadership that can change the performance of employees and the organization of which is not optimal to be an employee and organization good performance is needed if organizations want to move forward and develop. Transformational leadership was instrumental in delineating a vision regarding expected future circumstances and communicates in a way that causes the followers believe in the vision organizations transformation so that the change is worth to be pursued (Wirawan, 2014). Besides transformational leadership, there are still important aspects otherwise effect job satisfaction, namely the competence of employees. Ronny & Susanti (2019), states that the competence of employees forming a key element of job satisfaction in doing a work activities. Implicitly reflected the existence of a capacity of and behaviors that produce a form of human labor to always work effective and efficient. Thus, if the employee has the competence high and relevant to its activity, the job satisfaction will increase.

## 2. Literature review

### 2.1. Transformational Leadership

Antonakis *et al.* (2003), transformational leadership as proactive behavior, raise awareness common interest to the followers, and help followers reach destination on the highest level. Leadership transformational according to Goodwin *et al.* (2001) is a leadership that urged his followers to change the motive, trust, value, and capability. Transformational leadership has a sense of leadership aims to change. The changes in question are assumed to be change for the better, to challenge the status quo and active (Lensufiie, 2010). Indicators of transformational leadership according to Bass and Avolio in Wirawan (2014) are as follows:

1. *Influence Idealized* is a character who acts as a leader role models, demonstrate courage, steadiness in achieving the goal, take full responsibility for his actions and show confidence high towards a vision. Leaders ready self-sacrificing, giving awards for achievements and honor to the followers. Indicators of this dimension are: (a) Having a vision, integrity and thoughtful; (b) Being a role model for members.

2. *Inspirational Motivation* a capable leader character high optimism and the enthusiasm to subordinates to applying high work standards that is able to push subordinates to achieve these standards. Indicators of this dimension are: (a) Generate motivation by setting workplace standards high; (b). Inspires members.

3. *Intellectual Stimulation* is capable of acting leader character as creative ideas that can give birth innovation as well as problem-solvers creative thus giving birth to the solution to various problems that arise within the organization. Indacator of this dimension are: (a) Encourage creativity; (b) Supporting the development of self.

4. *Individual Attention* is the character that leaders must have the ability to interact with subordinates (human skill), want listen and pay attention to the aspirations of the subordinate associated with career development of subordinates. Indicators of this dimension are: (a) Noting member; (b) Actively interact with members.

As according Gill *et al.* (2010), transformational leadership has six indicators, namely:

1. *Inspirational Motivation*. The leader acts as a model for its members, which became role model means being a role model for the members, so that when this dimension executed properly, the efforts towards the organization's vision will conducted focus by its members.

2. *Integrity* is an adjustment dimension between the perception of members with destination leader. Perceptions members look at ways of working and work by members. Objective leader in implementing a work should be communicated to members before work was committed. Because if it is not communicated with members before the work was done then that will happen is not the work efficiently and thus require corrective action on the job when the perception of different members with the aim of leader.

3. *Innovative*. In an innovative dimension, leaders must first breakthrough to improve performance with preparation mature and has taken into account the risks beforehand. The standard procedure operations continue to be improved if the implementation is found to lack efisienan. Leaders should encourage members to be bold for innovation and considers mistakes which happened to be learning materials for repairs.

4. *Management Influence*. In this dimension leaders must appreciate the achievement of members, so with this award that leader will be assessed as an impressive leader. Leaders should also be able to communicate with persuasive to members, so it can be improve the management of the organization as impressive.

5. *Intellectual Stimulation*. Leaders will provide a stimulus to the members to think back how to troubleshooting and reassess values and trust them so that members are able to solve the problem in their own way.

6. *Individual Attention*. Ability as a leader coach and mentor for members continuously provide feedback on the performance of the members. Apart outside of work, the leader must be able to build relationships synergy between the needs of employees with the organization's mission.

### 2.2. Competence

Cascio (2013) describes competence including: knowledge, skills, abilities, attitudes, personality characteristics, motives, traits. For example, a teacher must have sufficient competence as a teacher has the task of transferring knowledge and conduct education. Dimensions and indicators of competence this is explained by five competence characteristics according to Dessler (2011); motives, traits, self concept, knowledge and skill. While Cascio (2013) describe the competencies include: knowledge, skills, abilities, attitudes, personality characteristics, motives, traits. Because Waruna

Group is a specialized company that seeks to fulfill zero defect tolerance, this study used two dimensions: skill and attitude. For more details, dimensions of competence outlined as follows:

1. *Skills*. Skills is both physically and mentally for perform a specific task.
2. *Attitude*. The attitude is often used to describe people or explain behavior. The attitude is characterized by three components of emotion, information, and behavior. Components include feelings of emotion, component information consists of trust and information held by individuals about the object. Behavioral component consists of a person's tendency to behave specific to the object.

### 2.3. Employee Performance

The performance assessment can be done by evaluating the ability employees in their work with specific benchmarks objective and done regularly. According to Robbins & Judge (2009), the performance is employee performance is both quantity and quality are achieved by someone during certain periods usually within one year. Robbins & Judge (2009), the performance is a when resulting performance can reach or exceed the standards or targets which has determined the person's performance can be said to be good and otherwise. The wider the separation distance between the target and the achievement of the performance the person can be said to be low. Meanwhile, according to Boxall *et al.* (2007), performance is the work or labor productivity both in quality and quantity achieved by a person or a work team in carrying out tasks according to responsibility given by the organization. There are several theories that explain the indicators of employee performance, among other things, the theory of performance and development by Atinson and Winston in Dessler (2011) which according to this theory of employee performance indicators are:

1. Grade point (cumulative achievement), someone in the future came determined by the interaction between level of performance when work and time spent at work.
2. The level of performance when work is influenced by efficiency derived from the nature of the duties now and some ability private.
3. Ability, motive, knowledge, beliefs, and personal conception a person is affected by environmental and formative heriditas (growth and development) in the past.

A person's potential performance theory, Kreitner & Kinicky (2014), revealed that the potential performance of a person affected by interaction between the ability and motivation. This capability formed by the interaction between knowledge with expertise, while motivation is formed from the interaction between the attitudes with the situation. The interaction between human and resource potential performance and the opportunity will determine the results of the performance organizations. Luthans (2011) states on indicators affect performance, namely: (1) the quality of work, (2) accuracy time (promptness), (3) initiative, (4) the ability, and (5) communication. Kreitner & Kinicky (2014) based on performance measurement of four indicators as follows:

1. Quantity output, namely regarding the number of output resulting from individual as the requirements in the standard employment.
2. Quality output, includes quality accuracy in generating output that is concerning neatness, thoroughness and skill.
3. Presence, the presence of employees in the workplace to carry out work.
4. The ability to work together, that is concerning how to behave in companies, both to the boss, other employees, or against the work presented for settlement together.

### 2.4. Job Satisfaction

According to Gill *et al.* (2010) views job satisfaction as an overall result of the degree of labor likes or dislikes for various aspects of their work, namely aspects such as salary or wages received, working conditions and the attitude of the leadership. Boxall *et al.* (2007) suggested that job satisfaction is the favorability with the employee view of their work. Job satisfaction as a result of the degree of labor likes or dislikes for various aspects of their work. Basically, to achieve job satisfaction itself, the first thing that must be met is primary needs, such as food and clothing needs. If a person works with insufficient compensation for primary needs, the more likely the worker is to quit his job to find a job that is better. Maslow's theory, which is still relevant until the 21st century, describes human needs divided into five namely physiological, security, compassion, appreciation, and self-actualization.

From Maslow's theory can be a reference for job satisfaction strategies in a company. Some of the strategies that must be carried out by the company to retain workers are:

1. *Salary Suitability*. Handoko (2012) states that one of the objectives of compensation administration in this case is to pay of existing employees, if compensation is not competitive and does not meet the principle of fairness, it will imply that many good employees will leave.
2. *Make The Work Environment*. Improve the physical work environment simply, for repairing an air conditioner, arranging a cleaner space, and so on.
3. *A Sense of Security*. There is a sense security from work environment physiologically, not experiencing violence and acts of terrorism.
4. *Ask about personal motivation from employees*.
5. *Trust*. Trust from supervisors or managers is needed for a worker because workers are not always happy if their actions are always monitored.
6. *Recognition from Supervisors and Managers*. Recognition from supervisors needed because it can increase morale and work hard so as to increase workforce satisfaction.
7. *To Use Skills and Abilities at Work*. Often a person cannot use their abilities to the fullest because they are limited, if this is sustainable, the impact is that workers can feel bored so they don't need to work too hard.

### 3. Methodology of Research

This research was conducted at PT. Waruna Shipyard Indonesia, located on Bagan Deli Street, Medan Belawan District, North Sumatra. This research was conducted of the month of August 2019 - January 2020.

The population is employees at PT. Waruna Shipyard Indonesia in 2019, namely as many as 134 employees. This study used slovin formula for the sampling, the amount should be representative in order the results can be generalized to the calculations did not requires a sample size table, but can be done with the formula and simple calculation. The calculations sample were respondents is 100 permanent employees of PT. Waruna Shipyard Indonesia. Thus taken 30 respondents outside of the sample to validity and reliability test instrument for testing questionnaires. Samples were taken based on engineering probability sampling that is proportionate random sampling.

Collecting data in questionnaires using a Likert scale with scale of one is strongly disagree and scale of five is strongly agree then after being filled out completely and then returning it to researchers with exogenous variables are transformational leadership and competence, endogenous variables are employee performance and job satisfaction.

Table 4. Structural Equation Model Research

Variables	Structural equation
Job Satisfaction	$ES = \gamma_1 TL + \gamma_2 C + \zeta_1$
Employee Performance	$EP = \gamma_3 EP + \gamma_4 C + \beta_1 EJ + \zeta_2$

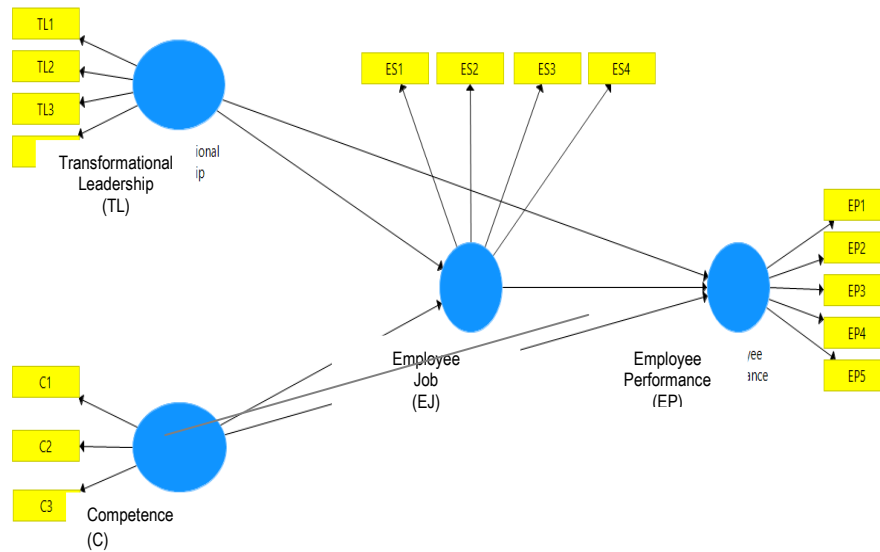
**Source:** Data Processed Researcher (2020).

The direct effect of exogenous variables and transformational leadership with competence of the endogenous variable is indicated by the amount of job satisfaction significance  $\gamma_1$  and  $\gamma_2$ . The direct effect of exogenous variables of transformational leadership and competence to employee performance shown by significant amount of  $\gamma_3$  and  $\gamma_4$ . The indirect effect of exogenous variables of transformational leadership against endogenous variable employee performance shown by the magnitude of the value multiplication of  $\gamma_1$  with  $\beta_1$ . The indirect effect of exogenous variables competence against endogenous variable employee performance is indicated by the amount of multiplication value between  $\gamma_2$  with  $\beta_1$ . The net effect is the sum of direct influence and directly showing the relationship mediation of the study variables. By Therefore, the total effect transformational leadership on employee performance  $(\gamma_3) + (\gamma_1) * (\beta_1)$ , while the amount of influence a total competency on employee performance is  $(\gamma_4) + (\gamma_2) * (\beta_1)$ .

This research have model is presented in Figure 1.

The data analysis tool by structural equation modeling with Smartpls program. Structural equation on research established by reference framework conceptually that was converted in the form of the path diagram. Structural equation model is one multivariate research methods are widely used in economic research and management (Sugiyono, 2014). From the model equations can later its note that the variables that remain in the appropriate model for continued research and which variables should be excluded from the model because it is not feasible and not in accordance with the provisions on the model value. Before the data is processed questionnaire 30 employees of PT. Waruna Shipyard Indonesia, first outside the respondents who have been determined to be test the validity and the reliability of the research questionnaire. If

questionnaire valid and reliable, it will evaluate the model by evaluating the outer model and evaluating the inner model and continuing with descriptive statistics and hypothesis test.



Source: Data Processed Researcher (2020)

Figure 1. Research Model

Descriptive statistics in a way describe or depict the object of research situation is without intends to take certain conclusions based on all the data collected (Sugiyono, 2014). The measures among others; frequencies, measures of central tendency of data average, maximum, minimum, and size dissemination of data standard deviation. Hypothesis testing is based on the path coefficient and total effect from research variables. Testing the significance of these effects was conducted by bootstrapping. Otherwise, the criteria used in assessing the determination coefficient is 0.75, 0.50, 0.25 that each represents a model that can explain the ratings are good, medium, and weak. Adjusted  $R^2$  is used when researching the exogenous variables different measurements or observations that do not have the same number (Ghozali, 2015).

## 4. Results and discussions

### 4.1. Results

PT. Waruna Shipyard Indonesia is a private company engaged which was established on April 17, 1990 having its address at Bagan Deli Lama Street, Belawan. PT. Waruna Shipyard Indonesia also built a number of workshops. The types of workshops currently owned by PT. Waruna Shipyard Indonesia has 6 units, namely Machine Shop, Outfitting Shop, New Building Shop, Sandblast Shop, Mechanical Shop and Electrical Shop. With the dry dock capacity owned and added to the workshops that have been built make PT. Waruna Shipyard Indonesia as one of the largest shipyard companies in Indonesia. The vision of PT. Waruna Shipyard Indonesia is a firm leading national shipyard with the ability to compete in global markets in terms of repair and ship building. The mission of PT. Waruna Shipyard Indonesia is supporting improvements (docking) cruise fleet nationwide through the provision and development facility and shipyard capacity vessels that have competitiveness in the global market. PT. Waruna Shipyard Indonesia has a value in course of their business, while the value these include:

1. Hard working, work hard in providing services and work the best for every customer both internal and external.
2. Smart, think smart and precise and systematic in their work and solve the problem.
3. Risk taker, courageous and able to take the right decisions and quickly according to their capacities.
4. Continuous improvement, always take remedial action continues persistent to get the best results.
5. Ownership, have a sense of belonging and to keep each other.
6. Positive attitude, positive behavior reflects maturity responsible for the act and behave.

The results of the descriptive statistical analysis were performed on each research variable, namely transformational leadership, competence, employee performance and job satisfaction. The descriptive statistical analysis provided is a

description of the respondent at PT. Waruna Shipyard Indonesia, as for the results of descriptive statistical analysis that in general transformational leadership is mean value 3.66, competence is mean value 3.69, job satisfaction is mean value 3.81 and employee performance is mean value 3.63. Inferential statistical analysis using of structural equation modeling consists of outer model and inner model analysis. Convergent of validity assessment done value of average variance extracted (AVE), where by if value AVE obtained better than 0.50, then indicators used have met the convergent validity (Ghozali, 2015). AVE values obtained can be seen at Table 5:

Table 5. Average Variance Extracted (AVE)

Variable	AVE
Transformational Leadership	0,634
Competence	0,727
Job Satisfaction	0,656
Employee Performance	0,609

Source: Data Processed Researcher (2020).

Based on Table 5 results obtained value of AVE is above 0.50 so that it can be stated the indicators used in the study this is invalid or has met the criteria of convergent validity. Discriminant of validity test are valued cross loading with the construct. An indicator is valid or has met the validity discriminant if it has the highest value to construct the destination than value to other constructs. Score cross loading can be seen in Table 6 below:

Table 6. Cross Loading Value

Indicator	Transformational Leadership	Competence	Job Satisfaction	Employee Performance
X1 <sub>1</sub>	0,798	0,668	0,699	0,715
X1 <sub>2</sub>	0,792	0,531	0,589	0,524
X1 <sub>3</sub>	0,801	0,510	0,602	0,619
X1 <sub>4</sub>	0,793	0,577	0,617	0,626
X2 <sub>1</sub>	0,640	0,853	0,667	0,723
X2 <sub>2</sub>	0,603	0,860	0,631	0,677
X2 <sub>3</sub>	0,606	0,845	0,680	0,587
Z <sub>1</sub>	0,644	0,705	0,826	0,721
Z <sub>2</sub>	0,592	0,632	0,781	0,565
Z <sub>3</sub>	0,626	0,519	0,785	0,589
Z <sub>4</sub>	0,698	0,636	0,846	0,668
Y <sub>1</sub>	0,588	0,614	0,619	0,763
Y <sub>2</sub>	0,629	0,630	0,575	0,774
Y <sub>3</sub>	0,634	0,623	0,654	0,821
Y <sub>4</sub>	0,616	0,588	0,634	0,805
Y <sub>5</sub>	0,602	0,583	0,584	0,736

Source: Data Processed Researcher (2020)

Table 6 shows that each indicator has a value loading factor the highest when associated with the intended constructs compared when linked with other constructs. As an example, the value of loading factor for indicators of transformational leadership (X1<sub>1</sub> through X1<sub>4</sub>) have value loading factor to construct transformational leadership higher than in the other constructs. As an illustration, loading factor X1<sub>1</sub> the transformational leadership amounted to 0.798 higher of the loading factor X1<sub>1</sub> the competence (0.668), job satisfaction (0.699), and employee performance (0.715). It is also seen in the indicators another. The indicator is valid or has met the criteria discriminant validity.

Appraisal internal consistency reliability also be made to test the reliability of each indicator. Internal consistency reliability done to see the value composite reliability of the block indicator that measures construct. Rule of score composite reliability obtained should be better of 0.70 (Ghozali, 2015). Result composite reliability research in Table 7. Table 7 shows value of composite reliability for all construct is above 0.70 which states all constructs in estimated meets the criteria internal consistency reliability. Analysis inner models performed by estimating path coefficients relationships between constructs. Score path coefficient the relationship between variables a reference in making estimates. A positive value indicates positive and negative values indicate the opposite is the effect negative. The greater the value path coefficient, the greater the influence of interthese variables.

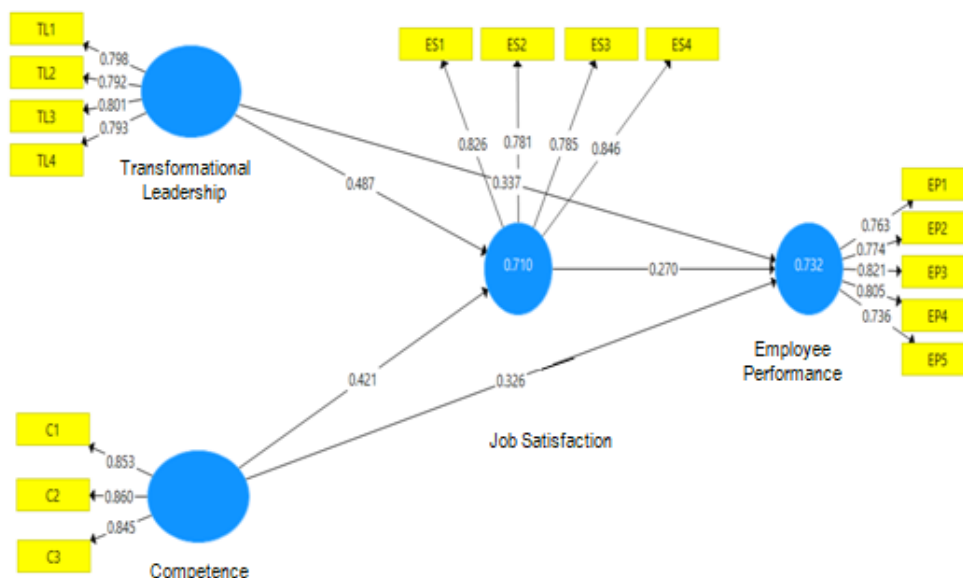


Table 7. Composite Reliability

Variable	Composite Reliability
Transformational Leadership	0,874
Competence	0,889
Job Satisfaction	0,884
Employee Performance	0,886

Source: Data Processed Researcher (2020)

Structural model at research picture see in Figure 2 below:



Source: Data Processed Researcher (2020)

Figure 2. Structural Research Model

To find out the direct effect can see Table 8:

Table 8. Direct Effects

Effects	Path Coefficient
Transformational Leadership → Job Satisfaction	0,487
Transformational Leadership → Employee Performance	0,337
Job Satisfaction → Employee Performance	0,270
Competence → Job Satisfaction	0,421
Competence → Employee Performance	0,326

Source: Data Processed Researcher (2020)

Table 8 seen in establishing job satisfaction, transformational leadership and competence gives each direct positive influence. The magnitude of the direct influence of leadership transformational on job satisfaction is 0.487 and magnitude the direct effect of competence on job satisfaction is 0.421. The magnitude of the influence of transformational leadership is greater than the effect of competence (0.487 > 0.421). In shaping the performance of employees, transformational leadership, competence and job satisfaction respectively provide a positive influence. The magnitude of the direct effect of transformational leadership to employee performance is 0.337. The magnitude of the direct influence of competence on employee performance amounted to 0.326. The amount of direct influence job satisfaction on employee performance amounted to 0,270. To find out the magnitude of indirect effect from independent variables to dependent variable through intervening variables in Table 9 the following:

Table 9. Indirect Effects

Effects	Indirect Effects
Transformational Leadership → Employee Performance	0,131
Competence → Employee Performance	0,114

**Source:** Data Processed Researcher (2020)

Table 9 shows the magnitude of the indirect effect of transformational leadership on employee performance through job satisfaction is 0.131 or can be calculated by multiplying effect direct exogenous variables on mediating variables with immediate effect mediating variables on endogenous variables =  $0.487 * 0.270 = 0.131$ . The magnitude of the indirect effect of management competence to employee performance through job satisfaction is calculated =  $0.421 * 0.270 = 0.114$ . To determine the effect of the total independent variables on the dependent variable, see Table 10 below:

Table 10. Total Effects

Effects	Total Effects
Transformational Leadership → Employee Performance	0,468
Competence → Employee Performance	0,440

**Source:** Data Processed Researcher (2020)

Table 10 shows magnitude the total effect for transformational leadership to employee performance through the mediation job satisfaction is 0.468 or can be calculated by adding the indirect effect and direct effect of independent variable to dependent variable  $0.337 + 0.131 = 0.468$ . The magnitude of the effect of total competence to employee performance through the mediation of job satisfaction  $0.326 + 0.114 = 0.440$ .

The coefficient of determination to see influence exogenous variables have on endogenous variables, the greater the value means the greater effect. Therefore the number of indicators of each construct vary the amount, determination coefficient analysis done value of on adjusted R-square. Score adjusted R-square obtained by see Table 11 below:

Table 11. Coefficient of Determination

Variable	R Square	R Square Adjusted
Job Satisfaction	0,710	0,704
Employee Performance	0,732	0,724

**Source:** Data Processed Researcher (2020)

Table 11 shows that the effect of transformational leadership and competence together in shaping job satisfaction is 70.40%. The remaining 29.60% explained from variables outside the study. Table 11 also shows that the effect of transformational leadership, competence and job satisfaction together in shaping employee performance is 72.40%. The remaining 27.60% explained from variables outside the study.

#### 4.2. Discussions

Transformational leadership has positive effect on job satisfaction PT. Waruna Shipyard Indonesia. Evidenced by test results are statistically significant that the influence of the value of significance ( $p$  values  $0.000 < \alpha 0.05$ ) with the amount of path coefficient of 0.487. Transformational leadership brought about changes the company towards more positive by emphasizing four indicators influence the ideal, motivation inspirational, stimulation affect intellectual and individual attention employee satisfaction at work. PT. Waruna Shipyard Indonesia, because leaders can set an example and protect the members in the work. Based on the research results, an indicator that contributes most influence on transformational leadership is stimulation intellectual which is represented by the statement "i appreciate leader idea of an individual" with the amount of loading factor amounting to 0.801. That matter can be understood as the PT. Waruna Shipyard Indonesia engaged in service ship repair, which requires leaders enter and idea of member for completion of the work effectively and efficiently.

Competence has positive effect on job satisfaction PT. Waruna Shipyard Indonesia. Evidenced by test results are statistically significant that the influence of the value of significance ( $p$  values  $0.000 < \alpha 0.05$ ) with the amount of path coefficient of 0.421. Competence consist of knowledge, skills and attitudes or the behavior of employees of PT. Shipyard Indonesia Waruna affect job satisfaction in the work, where employees have a good competence will be easier and faster to do the job so that the level job satisfaction will also increase. Based on the research results, an indicator that contributes

most influence on competence is skill or skills represented by the statement "i am upgrading technical expertise which support the work" with the amount of loading factor amounting to 0.860. This matter can be understood as the type of work in PT. Waruna Shipyard Indonesia requires special expertise, especially in the case of ship repair and new shipbuilding.

Job satisfaction has positive effect on employee performance PT. Waruna Shipyard Indonesia. Evidenced by test results are statistically significant that the influence of the value of significance ( $p$  values  $0.002 < \alpha 0.05$ ) with the amount of path coefficient of 0.270. Based on the research results, an indicator that contributes most influence on job satisfaction is oversight represented by the statement "bosses monitoring well to employees" with the amount of loading factor amounting to 0.846. This can understood as the company PT. Waruna Shipyard Indonesia has always supported every employee to be able to support each other and work together to achieve for example by administering the common goal of training. It is very good because for each employee work that will ultimately have employee performance. Indicators that contributed cooperation represented by the statement "i was able to complete work on time in accordance with the specified" with the amount loading factor amounting to 0.821. This is understandable because PT. Waruna Shipyard Indonesia emphasize timeliness in completion of docking ships and new shipbuilding.

Transformational leadership has positive effect on employee performance PT. Waruna Shipyard Indonesia. Evidenced by test results are statistically significant that the influence of the value of significance ( $p$  values  $0.001 < \alpha 0.05$ ) with the amount of path coefficient of 0.337. Transformational leadership brought about changes the company towards more positive by emphasizing four indicators influence the ideal, motivation inspirational, intellectual stimulation and individual attention affect performance employees in the work. PT. Waruna Shipyard Indonesia, leaders who can modeling, motivating, developing members and give attention can improve the performance of employee. Competence has positive effect on employee performance PT. Waruna Shipyard Indonesia. Evidenced by test results are statistically significant that the influence of the value of significance ( $p$  values  $0.000 < \alpha 0.05$ ) with the amount of path coefficient of 0.326. Employee competencies consist of knowledge, skills and attitudes or conduct a positive influence on employee performance. Employees who have high competence will tend to have high levels of performance and vice versa. Thus it can be stated the level of employee performance is determined by the level of competence employees.

Transformational leadership through job satisfaction have a positive influence on employee performance of PT. Waruna Shipyard Indonesia with total coefficient 0.131. Leadership transformational through job satisfaction contribute more if compared with the variable competence through job satisfaction ( $0.131 > 0.114$ ) on employee performance. These results are supported by tests that showed statistical significance that the effect of significantly based by the value of significance ( $p$  values  $0.010 < \alpha 0.05$ ) thus the variable job satisfaction is an intervening variable capable of mediating variables transformational leadership with employee performance. Competence through job satisfaction has a positive influence on employee performance of PT. Waruna Shipyard Indonesia with total coefficient 0.114. Competence through job satisfaction contributes smaller when compared with transformational leadership variable through job satisfaction ( $0.131 > 0.114$ ) on employee performance. These results are supported by tests that showed statistical significance that the effect of significantly based by the value of significance ( $p$  values  $0.010 < \alpha 0.05$ ) thus the variable job satisfaction is an intervening variable capable of mediating variables competence with employee performance.

## 5. Conclusions and recommendations

The result of the research showed that transformational leadership has a positive and significant effect on job satisfaction of employees of PT. Waruna Shipyard Indonesia. That is, the better the organizational culture found in PT. Waruna Shipyard Indonesia, the higher employee job satisfaction. Competence has a positive and significant effect on job satisfaction of employees of PT. Waruna Shipyard Indonesia. That is, the higher the employee's competence, the higher the job satisfaction. Job satisfaction has a significant positive effect on the performance of employees of PT. Waruna Shipyard Indonesia. That is, the higher job satisfaction, the higher the employee's performance. Transformational leadership significantly positive effect on the performance of employees of PT. Waruna Shipyard Indonesia. That is, the better the organizational culture, the higher the performance of the employees of PT. Waruna Shipyard Indonesia. competence has a positive and significant effect on the performance of employees of PT. Waruna Shipyard Indonesia. That is, the higher the work competence of employees, the higher the performance of employees of PT. Waruna Shipyard Indonesia. Transformational leadership has a positive and significant effect on the performance of employees of PT. Waruna Shipyard Indonesia through job satisfaction. Thus job satisfaction acts as an intervening variable that can mediate transformational leadership with employee performance. Competence has a positive and significant effect on the performance of employees of PT. Waruna Shipyard Indonesia through job satisfaction. Thus job satisfaction acts as an intervening variable that can mediate work motivation with employee performance.

This recommendation about that it was advisable for PT. Waruna Shipyard Indonesia can improve transformational leadership, namely leaders trying to provide incentives to employees, providing incentives based on employee performance will provide a sense of justice and at the same time triggering employees to increase motivation and competence at work and on the other hand leaders can take responsibility for the effectiveness of providing incentives to company. Leaders must further enhance the implementation of guidance to their subordinates, especially employees who have the potential and are willing to be given guidance. Guidance can be given in the form of systematic and continuous coaching. It is hoped that PT. Waruna Shipyard Indonesia can improve the competence of its employees, namely by encouraging employees to be more willing in an effort to improve their competencies, especially technical competencies that will encourage increased skills. One of them is by conducting a competence assessment so that leaders and employees know the extent of the competence of each employee. Employees are encouraged to further enhance their emotional control, in order to be able to build a sense of togetherness, cooperation, and tolerance among employees. One of them is by providing systematic and continuous training on emotional quotient (EQ) to employees. It is expected that PT. Waruna Shipyard Indonesia can improve employee job satisfaction by further enhancing relationships among colleagues by making outbound training and also paying attention to the welfare of employees, especially employees who excel in their work. For further researchers, it is hoped that they can further develop theories regarding variables that are thought to have a strong relationship with purchasing decisions and add other variables aside from this research. For higher education institutions can save this research and can be a reference for students who want to do research related to the variables that want to be examined in this study.

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