

# Factors Affecting Employee Performance of Pt. Itochu Logistics Indonesia

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This research is aimed at testing, analysing and explaining the effects of job satisfaction, discipline and transformational leadership style toward employees' performance of PT. Itochu Logistics Indonesia. This research was done under the descriptive and verificative research method. There were 102 respondents who participated in this study and provided valid data to be analysed. The data was then analysed using the paired linear regression analysis with the help of SPSS program of version 22. The result of this research shows that job satisfaction, discipline and transformational leadership style partially and simultaneously have a positive and significant effect toward the variable of employee performance. This finding is quite interesting as the human resources of PT. Itochu Logistics Indonesia are considered to have a relatively high level of discipline. This quality is quite supportive for the company to stay competitive in today's competitive business environment. Logistics businesses or companies that run business or logistics in Indonesia need improve their employees' work performance by focusing on their discipline. A leader should maintain good communication with the employees in order to be able to change their behaviour to improve their awareness and to obey any rules applied in a company and social norms. This study presents a detailed explanation on how to improve employees' performance by enhancing their job satisfaction, improving their work discipline and implementing and utilizing the effectiveness of a transformational leadership style in a company that runs logistics in Indonesia.

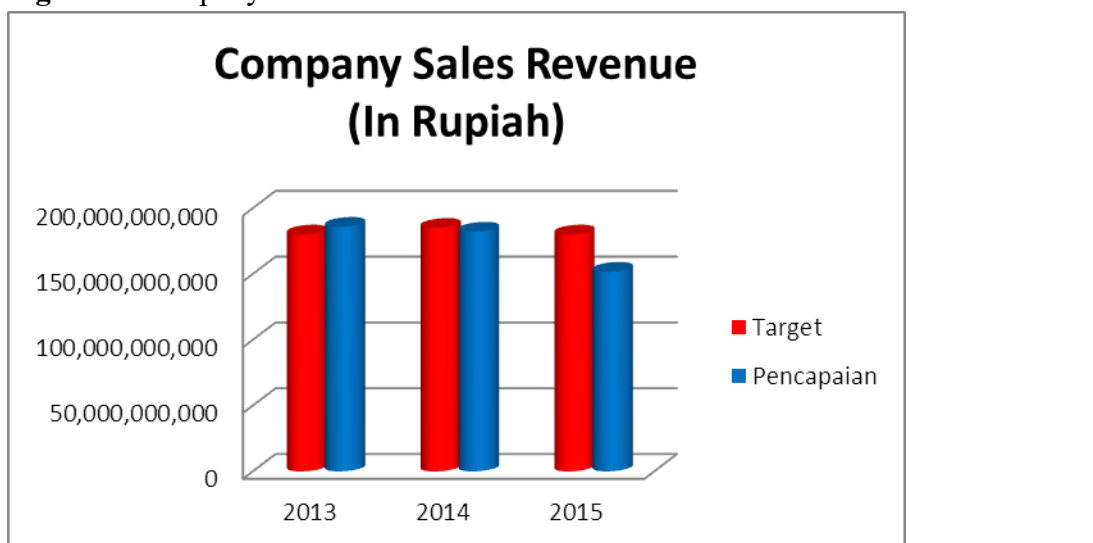
**Key words:** *Job Satisfaction, Work Discipline, Transformational Leadership Style and Job Performance.*

## Introduction

The success of a company to compete within a competitive business environment is highly influenced by the role of the human resources. Human resources are a trigger to run company activities by utilizing the available company facilities that support the employees to achieve the expected targets. Employees' performance is a factor that influences the contribution given by employees to the company. Improvement on the individual or group performance is the key to improve the organizational performance (Malthis dan Jackson, in Wayan, 2015).

PT. Itochu Logistics Indonesia was established in 2002, providing excellent service related to logistics. PT. Itochu Logistics Indonesia is a branch of Itochu Logistics Corp. located in Japan. The company always sets a clear target that should be achieved every year. In the beginning of a year, PT. Itochu Logistics Indonesia held a meeting, attended by the directors, to set the target that should be achieved in the coming year. Figure 1 shows the sales revenue of PT. Itochu Logistics Indonesia within the last 3 years (2013 – 2015).

**Figure 1.** Company Sales Revenue



Source: *finance and accounting* PT. Itochu Logistics Indonesia

It can be seen in Figure 1 that PT. Itochu Logistics Indonesia achieved revenue beyond the target in 2013. Yet, in 2014 – 2015, the sales revenue decreased with the peak decline in 2015.

Based on the result of an interview with the HRD officers of PT. Itochu Logistics Indonesia, it was found that the employees of the company had low job satisfaction seen by a number of complaints made by the employees; such as; unfavorable relationship with colleagues that made them feel uncomfortable at work, having a negative influence on their performance.

Employees also considered the career path in the company unclear, making them less motivated.

Another important factor in improving employee performance and achieving the company target is the leaders of the company. Even with high quality resources, a company would not achieve the targeted achievement if the management of the company is inadequate.

Job satisfaction is known as an important factor to the quality of employees' performance. When employees find satisfaction at work, they tend to be more motivated in performing their best performance in undertaking their duties. Besides, punishment should be given to employees who disobey company rules and the company should also grant rewards for those who always obey the rules. This system is beneficial in ruling the employees' behavior and preventing their performance from any negative influences related to rule disobedience. In addition, the character of the leaders may also have some influence toward employees' performance. Leaders who become role models and always give motivation and appreciation to the employees will receive better performance from their employees. The objective of this study was to identify and analyze both partial and simultaneous influences of job satisfaction, work discipline and transformational leadership style toward employees' performance of PT. Itochu Logistics Indonesia.

## **Literature Review**

### ***Job Satisfaction***

Job satisfaction is the achievement and success felt by workers in the workplace, generally considered directly related to productivity and personal welfare. Job satisfaction means doing the work someone enjoys, doing it well and being rewarded for efforts. Job satisfaction further implies enthusiasm and happiness with one's work. Job satisfaction is the main element that leads to recognition, income, promotion and the achievement of other goals that leads to feelings of fulfilment (Kaliski, 2007).

Job satisfaction depends on the intrinsic results, external results and the perception of the employees about their jobs. Job satisfaction appears as a level in which employees have either positive or negative feelings toward their job tasks, workplace and the relationship with their colleagues (Gibson Ivanicevic Donely, 1985).

Hasibuan (2009) stated that job satisfaction is the key to enhance employees' morality, discipline and achievement that supports the company to achieve its goals. Spector in Puspawati (2010) mentioned that job satisfaction is a behaviour that reflects how an employee feels toward the whole job and toward various aspects of the job. Job satisfaction shows if an employee feels satisfied or dissatisfied with their job.

Robbins (2003) added that job satisfaction refers to the general behaviour of an individual toward his/her job. A person with high job satisfaction shows a positive attitude in doing a job, while those who do not find any job satisfaction tend to show negative attitudes.

Rose in Funmilola *et al.* (2013) explained the concept of dual dimensions of job satisfaction that includes intrinsic dimension and extrinsic dimension. Intrinsic dimension of job satisfaction depends on the personal characters of an employee such as the ability to make initiation, a relationship with leaders, and performance. Whilst, the external dimension is rather a situational state that depends on the condition of the surrounding environment such as salary, promotion, job safety. Further, extrinsic dimension is related to finance or other material aspects.

Basically, job satisfaction is bounded to individuals. Every individual has a different level of satisfaction based on the system of value that she/he personally believes. The closer the job to a person's expectation, the higher the job satisfaction. Thus, job satisfaction can be stated as favorable or unfavorable feelings of employees toward their jobs. Some dimensions of job satisfaction are:

- Financial compensation (pay): referring to the amount of financial compensation. Salary or wage do not only fulfill employees' necessities but also to satisfy them with improved welfare.
- Promotion: Nguyen *et al.* in Funmilola *et al.* (2013) concluded that job satisfaction is the result of the promotions offered by a company. When employees are given limited career paths, they might have low job satisfaction. If a company plans to accelerate employees' performance, the company should provide fair promotion and career paths to the employees.
- Workplace condition: A good workplace environment, such as a clean and comfortable place, motivates employees to show their best performance. On the other hand, unfavorable condition, such as noisy and stuffy rooms, decreases employee motivation towards work and decreases their job satisfaction.

### ***Work Discipline***

Robbins (1984) states that discipline is attitude, behavior, and acts performed according to company rules, whether written or not. Discipline is also a person's awareness and willingness to comply with all applicable laws and social norms. Employee discipline can be seen from the responsibilities, attitudes, behavior and actions of an employee in accordance with all forms of regulation as long as they work at the agency. Good leadership will lead to

employee motivation, so that with high motivation employees will have high discipline and ultimately affect employee performance.

Discipline is an awareness and willingness to obey the applied rules in a company and any agreed social norms (Hasibuan, 2009). Discipline reflects a respect shown by an employee toward the rules set by a company. Thus, if an employee frequently neglects or breaks the rules, it can be said that the employee has low discipline. On the other hand, when an employee obeys the company rules, the employee has high work discipline (Sutrisno, 2011).

Work discipline is conduct undertaken by a company to execute the rules that apply for anyone in the company without exceptions (Mangkunegara, 2015).

Rivai and Sagala (2011) regard discipline as a tool for the managers to communicate with their employees in order to grow their willingness to change their behaviour. Further, it is a way to improve employees' awareness and willingness to obey any rules and social norms applied in the company.

Singodimedjo, in Sutrisno (2009) mentioned several indicators of discipline as follows:

- Punctual: employees come to work on time as well as take a break and leave work at a time set by the company.
- Obedience to the company rules: employees dress up and behave according to the rules set by the company.
- Good job attitude: employees do the job based on the job descriptions, duties, responsibility and maintain a good relationship with other units in the workplace.

### ***Transformational Leadership Style***

Sunyoto (2015) defined leadership as a process to influence individuals or group activities to achieve the predetermined target in a certain situation. Leadership style is a reflection of a leaders' behaviour in relation to his/her leadership capability (Moeheriono, 2012).

Transformational leaders inspire their employees to show their best performance for the success of the company. Transformational leaders also have a significant influence on their employees (Robbins & Judge, 2015). According to Castro *et al* (2008), transformational leadership style is still an important point within an organization for it has a strong influence toward employees' attitude and behavior.

Avolio, Bass dan Jung, in Voon (2011) identified several dimensions of transformational leadership, they are:

- Idealized influence: refers to leaders who focus on the formation and articulation of a company's visions and mission and direct their employees to work beyond their personal limitations. In this dimension, a leader shows inspiring, respectable, and trusted actions.
- Inspirational motivation: refers to how a leader motivates and inspires the employees to grow high commitment toward company's visions and missions.
- Intellectual stimulation: refers to how a leader stimulate innovations and creativity toward the employees by exploring their assumptions and using the old situational approach in a brand-new way.

### ***Performance***

Performance refers to the level of success in doing a certain job and the ability to achieve the predetermined target. Performance is considered good and successful when the target is successfully achieved (Donnelly, Gibson and Ivancevich, 1994).

Performance is linked to output quantity, output quality, timeliness of output, workplace attendance, efficiency of work completed, and work effectiveness completed (Mathis & Jackson 2009). Employee performance is the successful completion of tasks by certain individuals or individuals, as determined and measured by the organization, to set acceptable standards efficiently and effectively by utilizing available resources in a changing environment.

Performance is the result of formulation between motivation and ability. In order to complete a task or job, one must possess certain capabilities and willingness to do the job. Willingness and skills are not yet effective enough to complete a job without clear comprehension of what to do and how to do the job (Hersey and Blanchard, 1993).

Performance is a formulation of the interaction among Ability (A), Motivation (M) and Opportunity (O).  $Performance = f(A \times M \times O)$ ; therefore, performance is the formulation among ability, motivation and opportunity (Robbins, 1996).

Mathis and Jackson (2002) stated that assessment on performance is an evaluation process of how far an employee has finished his/her job compared to the standards set by company, which result is then shown to the employee.

Mangkunegara (2009) identified some dimensions of employees' performance including:

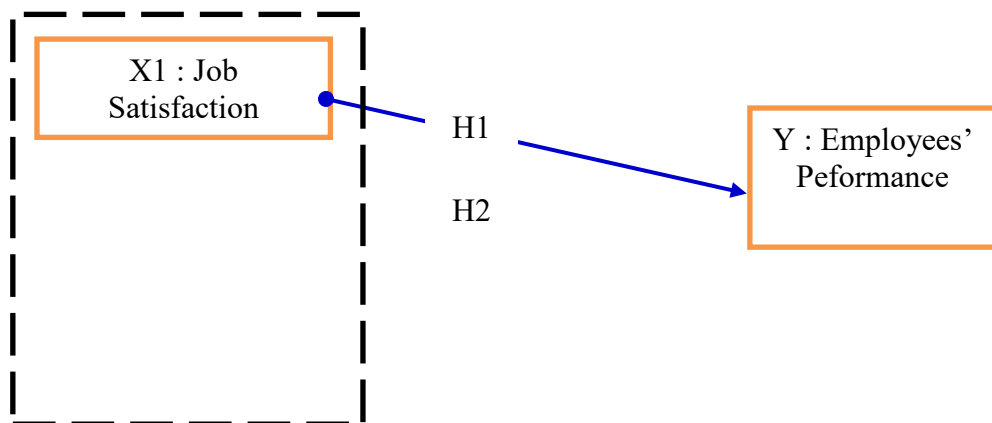
- Quality of work: refers to the preciseness, appropriateness and the detail of the job without neglecting the volume of a job. Good quality of work prevents any errors from occurring in completing certain jobs for the success of the company.

- Quantity of work: refers to the amount of job done within a certain period of time, making the work efficiently and effectively completed according to the target set by a company.
- Teamwork: refers to employees' willingness to vertically and horizontally collaborate with other employees to do certain jobs that makes their performance better.

Based on the result of a study done by Pawirosumarto *et al.* (2017), there is a significant influence of leadership style on employees' performance. Statistic data shows that leadership individually and partially has a positive and significant effect on employees' performance which implies that the better the leaders directs their employees and leads the company, the better the employees perform their duties and the vice versa. Moreover, there is also a significant effect of work discipline towards employee performance; seen from the result of the t value at 3.799 at the level of significance of  $0.0000 < 0.05$ . This result rejects  $H_0$  and accepts  $H_a$ . It has been confirmed through the result of statistical data analysis that the higher the employees' work discipline, the better their job performance. Whilst, a study done by Koech and Namusonge (2012) shows result that leadership style has no significant effect toward organizational performance as perceived by senior managers of thirty state-owned companies in Mombasa.

## Research Framework

Figure 2. Research Framework



## Hypotheses

The hypotheses of this study were formulated regarding to the background, research questions and theories as follows:

- H1 : There is a significant influence of job satisfaction toward employees' performance in PT. Itochu Logistics Indonesia.
- H2 : There is a significant influence of work discipline toward employees' performance in

PT. Itochu Logistics Indonesia.

H3 : There is a significant influence of transformational leadership style toward employees' performance in PT. Itochu Logistics Indonesia.

H4 : There is a significant influence of job satisfaction, work discipline and transformational leadership style toward employees' performance in PT. Itochu Logistics Indonesia.

## **Research Method**

This research employs descriptive approach and verification approach. Descriptive research was used to obtain clear description about the characteristics of job satisfaction, work discipline and transformational leadership style toward employees' performance. Verificative research was employed to identify the relationship among variables through statistical tests on the hypothesis of this study. This research is classified as a quantitative research since the data obtained in this study is in the form of numerical data which was then analyzed using statistical analysis.

This research was conducted using the survey method by distributing questionnaires to see respondents' perception based on the Likert scale. The Likert scale is generally used to measure attitude, opinion and perception of individuals and groups of people on certain social phenomena. In this research, the social phenomena occurred in PT. Itochu Logistics Indonesia is the variable of this study.

### ***Operational Definitions and Variable Measurement***

The operational variables of this study include the influence of job satisfaction, work discipline, and transformational leadership style toward the job performance of the employees of PT. Itochu Logistics Indonesia, as presented in Table 1.

### ***Population and Sample***

The population of this study covers 113 employees. All of the employees were taken as the sample of this study using the saturated sampling technique. Therefore, the sample of this study was 113 employees. However, out of 113 questionnaires distributed to the sample, there were 11 questionnaires that cannot be recorded due to incompleteness and/or damage. Thus, the sample of this study is 102 employees.



### ***Data Collection Technique***

The data was collected from interviews, questionnaires, observations and a combination among these three techniques. The questionnaires contained close-questions in which the answers of the questions had been provided for the respondents to choose. The weighing of the answer was assessed using the Likert scale of 5 scales as follow: Completely Agree (SS) scored 5, Agree (S) scored 4, Unsure (RG) scored 3, Disagree (TS) scored 2 and Completely Disagree (STS) scored 1. The weighing applied for any answer for any research variable.

### **Results and Discussion**

#### ***Validity Test on the Instrument of the Study***

Validity test was administered to see whether the questionnaires are valid. The test was employed in the form of Pearson Correlation test by calculating the correlation between the obtained value from the questions. An instrument can be regarded valid when the t value is greater than the r table and the r value is positive. In this study, the researcher utilized SPSS software version 22 to analyse the data.

Based on the result of the analysis, all of the statements from both independent and dependents variables were considered valid for the r value (Corrected Item Total Correlation) was greater than the value of the t table (0.19) which was obtained from measuring the r table using the formula  $df = N - 2$  and the level of significance. Therefore, it can be concluded that the indicators of the questionnaires are valid and appropriate to measure the variables of this study.

#### ***Reliability Test on the Instrument of the Study***

Reliability test was administered to see the preciseness of the instruments in measuring the variable. An instrument is considered valid when it obtains consistent score in every measurement. The answers should be consistent and stable across the time. Cronbach Alpha test was used to measure the reliability of the data by comparing the alpha value to the standard value (Ghozali, 2011). The result of the reliability test is presented in Table 2.

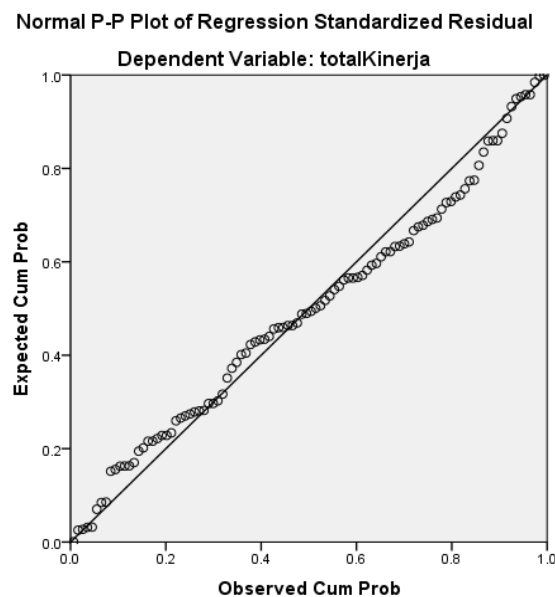
Table 2 shows that the value of Cronbach's alpha upon the job satisfaction was found at 0.842, work discipline at 0.856, transformational leadership style at 0.793 and performance at 0.846. Hence, it can be concluded that all of the statements in the questionnaires are reliable as seen from the Cronbach's alpha value at 0.07.

## Classic Assumption Test

### 1. Normality Test

Distribution of the ideal data should be normal or at least close to normal in order to fulfil the normality assumption. The data distribution is shown by the diagonal line as seen in Figure 3.

**Figure 3 - Normality Test**



Source: Analysis of the Primary Data (2017)

The scattered dots around the diagonal line and the dots that follow the diagonal line show that the regression model has fulfilled that assumption of data normality.

### 2. Multi-Collinearity Test

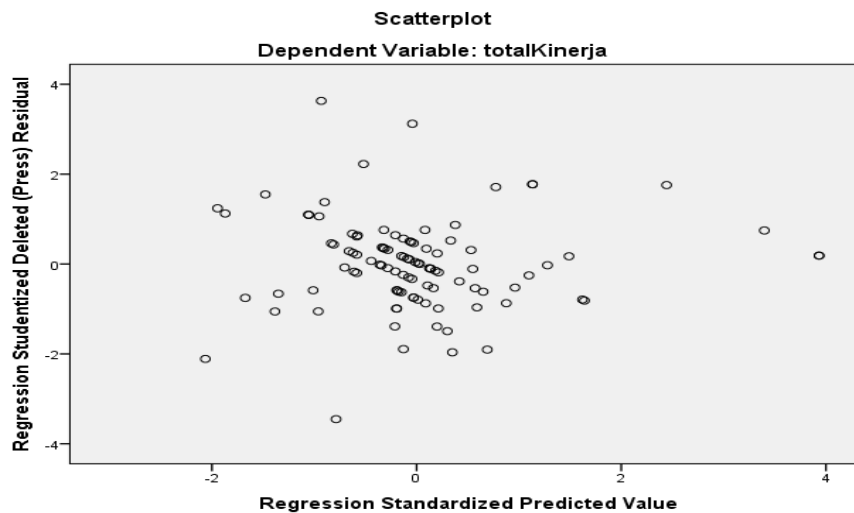
Multi-collinearity test was intended to see if the regression model contains any correlation among the independent variables. Multi-collinearity test was administered by comparing the tolerance value and variance inflation factor value to the standard value. The standard value which is used to show the presence of multi-collinearity is the tolerance value  $\leq 0.10$  or equal with VIF value 10 (Ghozali, 2013). The result of multi-collinearity test is shown Table 3.

All of the independent variables of this study showed no sign of multi-collinearity since the tolerance value was close to 1 and the VIF value was found around 1. Thus, the independent variables of this study had fulfilled the pre-conditions of regression analysis.

### 3. Heteroscedasticity Test

Heteroscedasticity test aimed at finding out if the regression model contains any variant inequality from one residual observation to another. The regression model is appropriate if it does not contain any heteroscedasticity seen from the plot graphic of the predicted dependent variable value ZPRED and its residual SRESID (Ghozali, 2-13). The result of heteroscedasticity test is presented in Figure 4.

**Figure 4.** Heteroscedasticity Test



Source: Analysis of the Primary Data (2017)

The residual dots are randomly scattered, and they do not form any special pattern such as wavy pattern or narrowed line. Besides, the dots are scattered above and under the value of the Y axis. It implies that heteroscedasticity is not found in the data, and the regression formula is considered appropriate.

#### ***Multiple Linear Regression Analysis***

The multiple linear regression was used to see if job satisfaction, work discipline and transformational leadership style influence employees' performance. The result of the multiple linear regression test is shown in Table 4. The result is:

$$Y = 0.088 + 0.219 * X1 + 0.528 * X2 + 0.227 * X3$$

Where :            Y                                    = Employees' Performance  
                  Constanta                            = 0.088  
                  Regression Coefficient= 0.219; 0.528 ; 0.227

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X <sub>1</sub>	= Job Satisfaction
X <sub>2</sub>	= Work Discipline
X <sub>3</sub>	= Transformational Leadership Style

From the equation, it can be explained that:

1. Constanta shows positive value at 0.088 which means that if the variable of job satisfaction, work discipline and transformational leadership style are zero, employees' performance is still positive even at the low value.
2. The regression coefficient of job satisfaction shows value of 0.219 which indicates that if the job satisfaction is high (other variables are assumed to be constant), employees' performance is increased and the vice versa.
3. The regression coefficient of work discipline shows value of 0.528 which indicates that if the work discipline is high (other variables are assumed to be constant), employees' performance is increased and the vice versa.
4. The regression coefficient of transformational leadership style shows value of 0.227 which indicates that the higher the value of transformational leadership style, (other variables are assumed to be constant), the better the employees' performance and the vice versa.

### ***F-Simultaneous Test***

Simultaneous test on research hypothesis is basically intended to see if all of the independent variables (leadership style, motivation and discipline) that are included in the regression model have simultaneous influence toward the dependent variable (employee's performance) (Ghozali, 2013). The F-test was done by comparing the F-value and F-table which resulted to the result of anova test (F test) shown in table 5.

Hypotheses:

Ho: The independent variables do not have any significant simultaneous influence toward the dependent variable.

Ha: The independent variables have significant and simultaneous influence toward the dependent variable.

If the probability value (sig value) > 0.05 or F value < F table, then the Ho cannot be rejected and if the probability value (sig value) < 0,05 or F value > F table, then the Ho is rejected.

Decision:

As presented in Table 5, the sig value is found at sig = 0.000 < 0.05 to reject Ho, which indicates that the independent variables significantly and simultaneously influence the dependent variable.

### ***Determinant Coefficient (R-Square)***

R<sup>2</sup> value is regarded strong when it explains the relationship between independent variables and dependent variable at around 0 (zero) and 1 (one). Table 6 shows determinant coefficient (R-Square).

The R square was found at 0.502 or 50.2% which means that the employees' performance is explained at 50.2% by the independent variables (job satisfaction, work discipline and transformational leadership style), while the 49.8% of it is explained by other variables which were not included in this study (error value –E in the multiple linear regression formula). The other variables include motivation, organizational culture, professional development programs, etc.

### ***Correlational Test Across Dimensions***

Across-dimension correlation test is a test that is intended to see the level of correlation among two variables or dimensions shown by Pearson Correlation value (R) which results are classified as follow, and table 7 shows the result of the across-dimension correlation test.

- 0.00 – 0.25 → Weak correlation
- 0.25 – 0.50 → Moderate correlation
- 0.50 – 0.75 → Strong correlation
- 0.75 – 1.00 → High strong correlation

The result of the across-dimension correlation shows that all of the variables; job satisfaction, discipline and transformational leadership style share correlation with the dimension of employees' performance in PT. Itochu Logistics Indonesia which implies that the variables and the indicators have been considered appropriate to use for data collection and analysis.

The most dominant across-dimension correlations were found in the promotion of the quality, quantity and teamwork within the correlation between job satisfaction and performance which respectively show correlation coefficient of 0.362, 0.455, and 0.352. Working condition was also found to have a dominant correlation on its quality with a correlation coefficient of 0.283.

The most dominant across-dimension correlation within the work discipline and performance was the obedience toward company's rules and attitude toward the quality with correlation coefficient of 0.675 and 0.619. The dimension of obedience to company's rule was also found to be dominant toward the quantity at a correlation coefficient of 0.477.

The most dominant across-dimension correlations of the relationship between transformational leadership style and performance were inspirational motivation and intellectual stimulation

toward the performance at a correlation coefficient of 0.365. The inspirational motivation and intellectual stimulation dimensions were also dominant toward the quality at a correlation coefficient of 0.323.

## **Discussions**

The result of statistic measurement shows no missing data out of the 102 respondents and the mean value is close to 4 which indicates that the respondents gave high agreement; all of the independent variables partially and positively influence the dependent variable. The positive correlation means that the higher the job satisfaction, work discipline and transformational leadership style, the higher the employees' performance and the vice versa. This result is in line with the proposed hypothesis. This result also supports the results of previous studies. The influence from each variable is explained as follows.

### ***The Influence of Job Satisfaction on Employees' Performance***

The result of the data shows that job satisfaction has a significant influence toward employees' performance. This statement is proven by the result of the data analysis which shows the t value of  $2.028 > t_{table} 1.98$  at the level of significance  $0.045 < 0.05$ .

This result is in line with the result of the study conducted by Hussain et al (2012) who confirmed that job satisfaction in the form of salary, promotion, job safety, workplace condition, relationship with colleagues, and relationship with leaders significantly influenced the job satisfaction and employees' performance in a medical company in Pakistan. Other research also show that job satisfaction influences employees' performance as found by Funminola et al (2013) who stated that job satisfaction has a high significant influence toward employees' performance . Salary appears to be the item that has the most significant influence on employees' performance.

The result of this study also supports the ones conducted by Dhermawan, et al (2012), Tobing (2009); Suwardi and Utomo (2011) who concluded that job satisfaction has a significant influence toward employees' performance. Khan, et al (2012) also explained that some aspects of job satisfaction such as salary, promotion, job safety, workplace atmosphere, relationship with colleagues, relationship with leaders and the characteristics of the job significantly influenced employees' performance in a medical company in Pakistan.

### ***The Influence of Work Discipline on Employees' Performance***

The result of test on the H2 has proven that work discipline has a significant influence on employees' performance. Empirical explanation on the significant influence of work discipline on employees' performance can be seen in the result of the data analysis  $t_{\text{value}} (6.595) > t_{\text{table}} (1.98)$  at a significance value of  $0.000 < 0.05$ . This result goes in accordance with the one confirmed by Pawirosumarto, et al (2017) that work discipline influences employees' performance as shown by the  $t$  value 3.799 at a level of significance at  $0.000 < 0.05$ .

This research result also supports Arsyad (2014) who mentioned that with good discipline, employees' performance tends to increase. Iriani (2010) also stated a similar view, that work discipline is an important aspect that keeps any activity running according to the expected mechanism. Hence, employees would not do any action that gives negative impact to the company. Harlie (2012) also stated that work discipline has a positive influence both partially and simultaneously toward the job performance of civil servants.

Similar finding was also found by Suprayitno and Sukir (2007) that job discipline gives positive influence toward employees' performance since the higher the employees' awareness and responsibility, the more obedient they are, and the motivation will get better which finally create better performance.

Work discipline is a factor that has to be possessed by employees who seek for job satisfaction. Work discipline appears in the form of punctuality, responsibility, and utilization of facilities. High work discipline increases employees' motivation which triggers them to work more productively. The present paradigm applied by modern companies to develop and grow effectively is to hire employees who have high discipline in performing their jobs. Employees who are highly motivated, obedient to company's rules, creative and utilize the available facilities will be able to compete in this competitive business environment (Hasibuan, 2006).

### ***The Influence of Transformational Leadership Style on Employees' Performance***

The result of the data analysis shows that the transformational leadership style significantly influences employees' performance. The  $t$  value  $(2.713) > t_{\text{table}} (1.98)$  at the significance value of  $0.008 < 0.05$ . This result is similar to the one found by Idris et al (2014) who found that transformational leadership style partially and simultaneously gives major influence on employees' performance. In addition, Khalil & Rahee (2015) also stated that transformational leadership style is the most influential leadership style toward employees' performance compared to the transactional and laissez-faire leadership styles. Jankingthong et al (2012)

also added that transformational leadership style tends to show direct influence on employees' tasks and performance.

Leadership refers to any activity that is intended to grow one's willingness to work and achieve certain agreed objectives (Sihotang, 2007). Transformational leadership style is a visionary and enthusiastic style which requires a leader to show excellent ability in motivating the employees (Bycio et al, 1995;. Howell & Avolio, 1993) in Puni et al (2014). Bass (1985) in Yukl (2005) also highlighted that by applying the transformational leadership style, employees will grow their trust, motivation, faith, and respect for their leaders, and they will be more motivated in doing tasks beyond the expectation.

Similar finding was also found by Pawirosumarto *et.al* (2017) that there is an obvious influence of leadership style on employees' performance. Statistically, it can be seen that leadership style partially gives positive and significant influence on employees' performance. When leaders give better direction and motivation in leading a company, the employees will show better performance in doing their jobs and tasks.

### ***The Influence of Job Satisfaction, Work Discipline and Transformational Leadership Style on Employees' Performance***

The result of this research shows that job satisfaction, work discipline and transformational leadership style simultaneously and significantly influence employees' performance. This conclusion was made based on the result of the data analysis which shows the  $t$  value  $> t$  table or  $32.966 > 2.69$  at the significance value of  $0.000 < 0.05$ . These values indicate that those three variables; job satisfaction, work discipline and transformational leadership style simultaneously influence employees' performance of PT. Itochu Logistics Indonesia. Therefore, when the value of the independent variables increases (job satisfaction, work discipline and transformational leadership style), the dependent variable (employees' performance) also increases and the vice versa.

### **Conclusion**

Regarding to the four hypotheses proposed in this study, conclusions are drawn as follow:

1. The hypothesis testing on H1 shows that there is a positive and significant influence of job satisfaction on employees' performance of PT. Itochu Logistics Indonesia. Hence, employees' performance will be improved by increasing employees' job satisfaction. The most dominant across-dimension correlations of job satisfaction are promotion and job quantity.
2. The result of the testing on the H2 indicates the presence of a positive and significant influence of work discipline toward employees' performance in PT. Itochu Logistics



Indonesia. This implies that employees' performance gets better when employees obey all of company's rules. Obedience toward company's rules within the quality dimension appears to be the variable of work discipline with the highest across-dimension correlation.

3. A test on the H3 proved that the transformational leadership style positively and significantly influences employees' performance of PT. Itochu Logistics Indonesia. Employees' performance is enhanced when leaders give more motivation and appreciation toward employee work. The most dominant across-dimension correlations of this variable are the inspirational and intellectual stimulations within the dimension of teamwork.
4. The result of the test on the H4 presents that job satisfaction, work discipline and transformational leadership style simultaneously have a positive and significant influence toward employees' performance of PT. Itochu Logistics Indonesia. Work discipline appears as the most dominant variable in influencing employees' performance compared to the other variables.

### ***Suggestions***

Managerial Implications: Some suggestions were made based on the result of this study as follow:

- 1) In order to improve the company's performance of PT. Itochu Logistics Indonesia., employees' job satisfaction needs to be enhanced, having regard to the fact that higher satisfaction improves employees' performance. Job satisfaction can be improved by focusing on the dimensions that appear to have the highest correlation; promotion and work quantity. There are three indicators to consider within the dimension of promotion including; 1) fair and achievement-based job promotion; 2) excellent prospect of the company, and 3) the presence of positive functional interdependence.
- 2) PT. Itochu Logistics Indonesia is expected to improve employees' work discipline from the punctuality dimension. The indicators of this dimension include: coming to work on time, leaving the work as scheduled, and completing tasks before the deadline.
- 3) Improving employees' performance through the implementation of the transformational leadership style can be done by prioritizing the dimension of inspirational motivation and intellectual stimulation which appears to have the highest correlation to the teamwork dimension. The indicators of the inspirational motivation are: admirable leaders, inspirational leaders, and leaders who always motivate their employees. Further, within the intellectual stimulation dimension, the indicators are: leaders always provide support for employees with high achievement, leaders are firm in making decisions, and leaders are innovative in finding solutions for various problems. By enhancing those aspects, employees are expected to obtain higher levels of motivation to improve their output for the company which eventually helps the company to achieve the predetermined targets.

Suggestions for further research regarding the limitation of this study are:

- 1) Future researchers are expected to expand the subject of the study since this study is bounded within the scope of PT. Itochu Logistics Indonesia environment.
- 2) Future researchers are also encouraged to include other variables and indicators such as motivation, discipline, compensation, organizational culture and workplace environment.

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