

The Effect Of Transformational Leadership On Job Satisfaction And Employee Performance Of Village-Owned Enterprisesin Central Java Province

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ABSTRACT: *This study aims to examine and analyze: (1) the effect of transformational leadership styles on organizational learning and organizational innovation, (2) the effect of organizational learning on organizational innovation, job satisfaction, and employee performance, (3) the effect of organizational innovation on job satisfaction and employee performance, and (4) the effect of job satisfaction on employee performance. The study population was 12 Village-Owned Enterprises (VOE) and spread in 6 districts / cities in the province of Central Java. The respondents of this study were 162 permanent employees in VOE. Data analysis and hypothesis in this study using Structural Equation Modeling (SEM) with AMOS 24 software. The results showed that transformational leadership style affects organizational learning, transformational leadership style affects organizational innovation, organizational learning affects organizational innovation, organizational learning influences job satisfaction, organizational innovation affects employee performance, organizational innovation affects job satisfaction, organizational innovation does not affect employee performance, job satisfaction affects employee performance.*

KEYWORDS: *Transformational Leadership Styles, Organizational Learning, Organizational Innovation, Job Satisfaction, Employee Performance.*

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I. Introduction

Village-Owned Enterprises (VOE) are village business institutions that are managed by the community and village government in order to strengthen the village economy. The VOE was established with the aim of improving the village economy, increasing the village's original income, and improving the management of the village's potential, reducing unemployment, as well as driving the economy in the village. For this purpose a manager who has the character of a leader is needed to be able to set an example for members of the organization and villagers. The figure of leadership that is needed by a VOE is that someone is able to create innovative ideas and is committed to fostering the morale of his organization's members so that they can increase their productivity and economic growth in the village in accordance with what is expected.

Leadership in VOE is very important in managing the resources contained therein. Because, an organization will succeed or fail largely determined by leadership. With the right leadership style, the management process will run well and subordinates and members of the organization will be passionate about doing their jobs. This is in line with the opinion of Robbins and Judge (2008: 315) which states that leadership is a person's ability to influence the group towards achieving goals. This opinion is reinforced by Toha (2001: 9) and Handoko (2009: 97) which states that leadership is an activity affecting the behavior of others, or the art of influencing human behavior both individuals and groups.

Leaders generally display leadership styles that are different from each other. This is usually influenced by the conditions faced, and often has implications for the attitude of employees in accepting a leadership style played by their superiors. A good leadership style will have an impact on high employee performance. Leaders of VOE are expected to have the power to innovate in mobilizing, locating, training and developing their employees. Because, the key to success of VOE is in the quality of Human Resources.

There are four types of leadership styles that are most often applied, namely democratic leadership, autocratic leadership, affiliative leadership, and transformational leadership. In democratic leadership a leader delegates his authority and invites his followers to participate in the decision making process. A democratic leader is a good listener to his followers and a good team worker, and is able to influence and collaborate with the team he leads. With this leadership style, each input from team members is valued and commitment in

teamwork can be felt through the active participation of each member. In this case, a business leader can apply this leadership style to get useful advice from his employees.

Jacobs & Jaques, (1990: 281) explained that in an autocratic leadership style a leader has absolute power and full responsibility in leading his team. An autocratic leader leads by giving orders to his members, giving threats to his subordinates, and having strict control over the organization he leads. In addition, autocratic leaders always monitor the ongoing work activities. With an autocratic leadership style, a business leader can control his company tightly. This leadership style is appropriate when a company is facing a crisis.

Drath & Paulus (1994: 4) and House et. Al (1999: 84) says that in an affiliative leadership style a leader provides effective suggestions and encourages his team members to be more active in giving ideas and opinions. Leaders like this have several characteristics, namely the importance of harmony between team members, empathizing with others, increasing the morale of their members, and helping in resolving conflicts between team members. Leaders who have this style of leadership create harmony in the team by helping to build relationships between their members. A company leader can apply this style of leadership to motivate the team in difficult times and to strengthen relationships among its members.

According to Bass and Avolio (1990) the characteristics of transformational leadership are types of leadership where leaders inspire and motivate their team members, hold fast to the vision set, and encourage their members to carry out their tasks in line with the large goals they want to achieve together. A transformational leader tries to inspire others and believe in the vision he wants to achieve and has empathy for team members. As a leader, he tries to communicate clearly about how to achieve that vision and why all the effort in the team is needed in achieving that vision. This leadership style is needed when the company needs a new vision or drastic changes that have a major influence on the company.

Whatever type of leadership is applied in business, effective leaders have the qualities that can contribute to the development of a business. There are five qualities that must be possessed by a leader. First, an effective leader must continue to innovate in building a value and application in business, not continue to rely on conventional ways. Second, an effective leader must inspire and motivate everyone in the company to achieve the vision they want to share. Third, a leader must be able to set a good example for his workers. This motivates employees to want to continue to improve their abilities and performance. Fourth, an effective leader must have a high level of emotional intelligence and be able to understand the feelings in each employee. Effective leaders must respect the feelings of their members and build a good relationship with them. Fifth, effective leaders enable their members to act by providing access to information and empowering their workers to work with all the capabilities they have.

Noting the performance of the management of Village Owned Enterprises in Central Java province, researchers obtained data from the Central Statistics Agency for Central Java Province. Based on data from the Central Statistics Agency in 2018 there were 2,511 units of VOE in the province of Central Java. Of these, 18 units (0.72%) entered the advanced criteria 112 (4.46%) entered the developing criteria, and 2,381 units (94.82%) entered the growth and basic criteria. The results of this classification indicate that the performance of VOE in Central Java province is still low. Based on an analysis conducted by the Village Economy (<https://www.ekonomidesa.com/2017>) the causes of failure of the VOE: (a) the formation of a village business entity is not at the initiative of the villagers but because it is governed by a local government agency, (b) the formation of a village business entity did not go through village deliberations as a result the community did not feel ownership, (c) the intervention of the village administration on the village business entity was very strong which had implications for financial management that were not transparent, (d) there was no accountability report from the manager.

The ineffectiveness of the performance of VOE in Central Java Province seems to have something to do with the poor performance of employees. The low performance is due to the low salary received, as well as an unprofessional management system by the leadership of the business entity. Paying attention to these issues, this study aims to examine and analyze: (1) the influence of transformational leadership styles on organizational learning and organizational innovation, (2) the effect of organizational learning on organizational innovation, job satisfaction, and employee performance, (3) the effect of organizational innovation on job satisfaction and employee performance, and (4) the effect of job satisfaction on employee performance.

In connection with the objectives of the study above, the theoretical model of this research framework is presented in Figure 1.

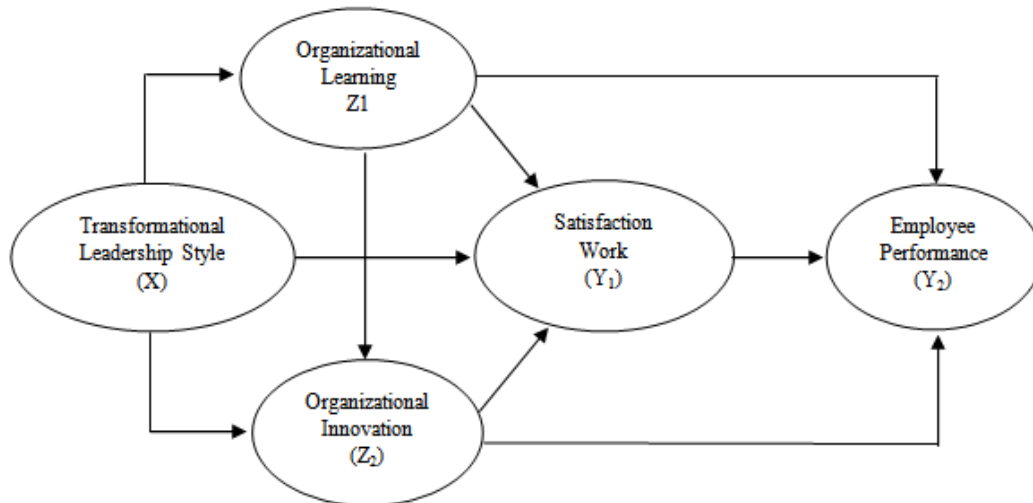


Figure 1. Conceptual Framework

Based on the background, problem formulation, research objectives and literature review, thinking framework and conceptual framework that have been described and analyzed in the future, the hypotheses proposed in this study are:

1. Transformational Leadership significantly influences Organizational Learning in VOE.
2. Transformational Leadership significantly influences Organizational Innovation in VOE.
3. Organizational Learning significantly influences Organizational Innovation in VOE.
4. Organizational Learning significantly influences Job Satisfaction in VOE.
5. Organizational Learning significantly influences the Performance of Employees in VOE.
6. Organizational Innovation significantly influences Job Satisfaction in Owned Enterprises.
7. Organizational Innovation significantly influences the Performance of Employees in VOE.
8. Job Satisfaction significantly influences the Performance of Employees in VOE.

II. Research Methods

This research is an explanatory research because the researcher aims to explain the causal relationship between transformational leadership variables on job satisfaction and employee performance through organizational learning and organizational innovation in the VOE in Central Java. The study population was 12 VOE and spread in 6 regencies / cities in Central Java province, while the respondents of this study were 162 permanent employees in a village-owned business entity which numbered 162 people.

Data collection in this research is done by making a structured questionnaire to get data about the variables studied. Respondents' choice of answers uses a Likert scale with a range of 1 to 5 in the following order: Strongly Disagree with a value of 1, Disagree with a value of 2, Neutral with a value of 3, Agree with a value of 4, and Strongly Agree with a value of 5. Data retrieval is also done by interview and direct observation in order to further sharpen the analysis, especially regarding the management of VOE and the cultural values they hold.

Validity Test

Measuring instruments can be said to have high validity if the device carries out its measuring function or provides measurement results in accordance with the measurement objectives. A valid measurement tool is not only able to quickly disclose data and provide a careful picture of the data. Careful here means that the measurement is able to give a picture of the smallest differences between subjects with one another. A valid measuring instrument is one that has a small error variance so that the resulting number can be trusted as a number that approaches the truth.

Reliability Test

According to Singarimbun (1995: 124) and Azwar (1997: 5) a test instrument or measuring instrument is said to have high validity if the device carries out its measuring function. Tests that produce data that are not relevant to the purpose of the measurement are said to be tests that have low validity. How the measurement is done by calculating the correlation between each statement with a total score & using SEM (Mueller, 1996: 12).

Structural Equation Modeling which consists of measurement models and structural models is the version 4.0 of the AMOS (analysis of moment structure) program. According to Ferdinand (2002: 6). The

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structural equation modeling (SEM) structural equation model is a set of statistical techniques that enable the testing of a relatively complex set of relationships simultaneously. Complex relationships can be established between one or several dependent variables with one or several independent variables.

Estimation in SEM is done to obtain the values of parameters such that the covariance matrix of the S (q) model is as close as possible to the population covariance matrix of the S indicators. Therefore not all data in the population is known, so using the S matrix. Basically, the hypothesis of SEM is that the covariance matrix of data from population (S) is the same as the covariance matrix derived from model (S (q)). If the model obtained is correct and the parameters q can be predicted, the population covariance matrix can be reproduced correctly.

For the evaluation of Goodness of Fit in SEM consists of testing the estimated parameters and testing the overall model. In testing the estimation of this parameter is done using the t test. This test is carried out on the parameters contained in the model using a hypothesis. Overall testing involves testing the structural model and measurement model. Overall testing of this model includes (Hair et al. 2006): Chi Square, RMSEA (Root Mean Square Error Of Approximation), GFI (Goodness Of Fit Index), AGFI (Adjusted Goodness Of Fit Index), CMINDF, and TLI (Tucker Lewis Index).

III. Results And Discussion

The validity test results using Pearson's product moment correlation coefficient on each statement item on the transformational leadership style variable can be seen in Table 1.

Table 1. Test the Validity of Item Transformational Leadership Style Variables

Indicators	Item	Pearson Correlation	Sig.	Terms	Conclusion
X1.1 Ideal Influence	item 1	0,874	0,000	Sig. ≤ 5%	Valid
	item 2	0,651	0,000	Sig. ≤ 5%	Valid
X1.2 Individualized Consideration	item 3	0,626	0,000	Sig. ≤ 5%	Valid
	item 4	0,820	0,000	Sig. ≤ 5%	Valid
X1.3 Inspirational Motivation	item 5	0,624	0,000	Sig. ≤ 5%	Valid
	item 6	0,732	0,000	Sig. ≤ 5%	Valid
X1.4 Intellectual Stimulation	item 7	0,741	0,000	Sig. ≤ 5%	Valid
	item 8	0,802	0,000	Sig. ≤ 5%	Valid

Table 1 shows Pearson's product moment correlations for each item statement of transformational leadership style variables all producing significance values <5%, so it can be concluded that all statement items used to measure transformational leadership style variables are valid and can be used for further analysis.

The results of the validity test of Pearson's product moment correlation coefficient on each item statement on the organizational learning variable can be seen in Table 2.

Table 2. Test Item Validity of Organizational Learning Variables

Indicators	Item	Pearson Correlation	Sig.	Terms	Conclusion
Z1.1 Information Acquisition	item 9	0,829	0,000	Sig. ≤ 5%	Valid
	item 10	0,854	0,000	Sig. ≤ 5%	Valid
Z1.2 Information Distribution	item 11	0,816	0,000	Sig. ≤ 5%	Valid
	item 12	0,821	0,000	Sig. ≤ 5%	Valid
Z1.3 Information Interpretation	item 13	0,653	0,000	Sig. ≤ 5%	Valid
	item 14	0,537	0,002	Sig. ≤ 5%	Valid
Z1.4 Behavioral Change Cognitive	item 15	0,701	0,000	Sig. ≤ 5%	Valid
	item 16	0,691	0,000	Sig. ≤ 5%	Valid

Table 2 shows Pearson's Product Moment correlations for each item of the organizational learning variable statement all produce a significance value <5%, so it can be concluded that all statement items used to measure the organizational learning variable are valid and can be used for further analysis.

The results of the validity test using Pearson's product moment correlation coefficient on each statement item on the organizational innovation variable can be seen in Table 3.

Table 3. Test the Validity of Organizational Innovation Variable Items

Indicators	Item	Pearson Correlation	Sig.	Terms	Conclusion
Z2.1 Marketing Innovation	item 17	0,691	0,000	Sig. ≤ 5%	Valid
	item 18	0,889	0,000	Sig. ≤ 5%	Valid
Z2.2 Technological Innovation	item 19	0,752	0,000	Sig. ≤ 5%	Valid
	item 20	0,773	0,000	Sig. ≤ 5%	Valid
Z2.3 Administration Innovation	item 21	0,852	0,000	Sig. ≤ 5%	Valid
	item 22	0,903	0,000	Sig. ≤ 5%	Valid

Table 4. Test the Validity of Work Satisfaction Variable Items

Indicators	Item	Pearson Correlation	Sig.	Terms	Conclusion
Y1.1 Salary	item 23	0,417	0,022	Sig. ≤ 5%	Valid
	item 24	0,540	0,002	Sig. ≤ 5%	Valid
Y1.2 Promotion	item 25	0,663	0,000	Sig. ≤ 5%	Valid
	item 26	0,678	0,000	Sig. ≤ 5%	Valid
Y1.3 Co-Workers	item 27	0,658	0,000	Sig. ≤ 5%	Valid
	item 28	0,737	0,000	Sig. ≤ 5%	Valid
Y1.4 Boss	item 29	0,715	0,000	Sig. ≤ 5%	Valid
	item 30	0,761	0,000	Sig. ≤ 5%	Valid
Y1.5 Job	item 31	0,639	0,000	Sig. ≤ 5%	Valid
	item 32	0,566	0,001	Sig. ≤ 5%	Valid

Table 3 shows Pearson's product moment correlation for each statement item on the organizational innovation variable all producing significance values smaller than 5%, so it can be concluded that all statement items used to measure organizational innovation variables are valid and can be used for further analysis. Table 4 shows Pearson's product moment correlation for each item statement of job satisfaction variables all produce a significance value <5%, so it can be concluded that all statement items used to measure job satisfaction variables are valid and can be used for further analysis.

The results of the validity test using Pearson's product moment correlation coefficient on each item statement on employee performance variables can be seen in Table 5. Using cronbach's alpha technique, with the provisions of the questionnaire declared reliable if the measurement of a variable has a cronbach's alpha value ≥ 0.60 (Malhotra in Solimun, 2002).

Based on Table 5 it is known that the Cronbach's alpha value for all research variables has a value > 0.60, so it can be concluded the preparation of questionnaire statement items on the variables of transformational leadership style, organizational learning, organizational innovation, job satisfaction, and employee performance can be declared reliable and can be trusted as a measuring tool that produces consistent answers.

Table 5. Research Variability Test Reliability

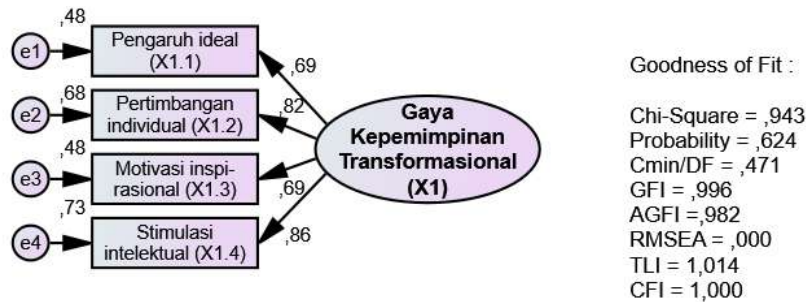
Variable	Cronbach's Alpha	Critical Value	Conclusion
Transformational Leadership Style (X_1)	0,874	$\geq 0,60$	Reliable
Organizational Learning (Z_1)	0,881	$\geq 0,60$	Reliable
Organizational Innovation (Z_2)	0,895	$\geq 0,60$	Reliable
Satisfaction Work (Y_1)	0,822	$\geq 0,60$	Reliable
Employee Performance (Y_2)	0,908	$\geq 0,60$	Reliable

Measurement Model Analysis

The measurement model process is a process of the CFA test that is confirmatory factor analysis. CFA serves to identify whether indicators are constructs of research variables or in other words these indicators are one entity or have undimensionality. CFA tests were performed on each exogenous construct and endogenous construct. CFA test is conducted to test the validity and reliability of indicators as constructors. Validity indicates the extent to which the gauge measures what you want to measure. Validity test is done through convergent validity, where the indicator is said to meet convergent validity if the indicator has a standardized regression weight (lambda / factor loading) value ≥ 0.50 . While the reliability test is examined using construct reliability, a model is said to be reliable when the construct reliability value of each construct is greater than 0.70 (Solimun, 2002). Hair et al. (2014) added, the rule of thumb construct reliability value must be greater than 0.70, but in fact the internal consistency test (reliability) is not absolute to do if the validity of the indicator has been met, because a valid construct is a construct that is reliable, conversely a construct that is reliable not necessarily valid (Cooper and Schindler, 2006).

In this study, the CFA test will be analyzed using AMOS 24.0 software which is carried out on each exogenous and endogenous construct, which consists of several variables, namely transformational leadership style, organizational learning, organizational innovation, job satisfaction, and employee performance.

The CFA test results on the construct of transformational leadership styles using AMOS 24 software are as follows:

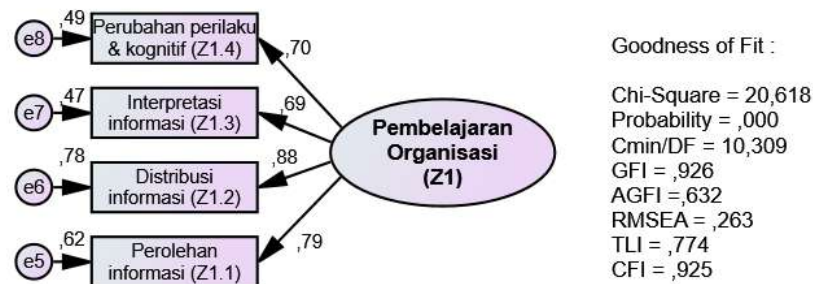


The picture above shows all indicators have factor loading values greater than 0.50, so that these indicators are valid in reflecting the construct of the transformational leadership style and can be used for further analysis. The resulting GFI value is 0.996 (more than 0.90), which indicates the measurement of the construct of the transformational leadership style by its indicators are fit with the data. The results of validity and reliability tests on the construct of transformational leadership styles can also be seen in Table 6 below.

Table 6. Validity and Reliability Construct of Transformational Leadership Style

Indicator	Loading Factor (LF)	(LF) ²	Error (1-LF ²)	Construct Reliability (CR)
X1.1	0,694	0,482	0,518	0,853
X1.2	0,825	0,681	0,319	
X1.3	0,692	0,479	0,521	
X1.4	0,857	0,734	0,266	
	Validity Req.: FL ≥ 0,50			Reliability Req.: CR ≥ 0,70

Table 6 shows that all constructs indicators of transformational leadership style have a factor loading value > 0.50 so that these indicators are valid in constructing constructs and can be used to build models. The table also shows that the measurement of the construct of transformational leadership styles produces construct reliability values of 0.853 (greater than 0.70), so it is concluded that the constructional leadership style constructs are reliable in developing models developed in this study. The CFA test results on the organizational learning construct using AMOS 24 software are as follows:

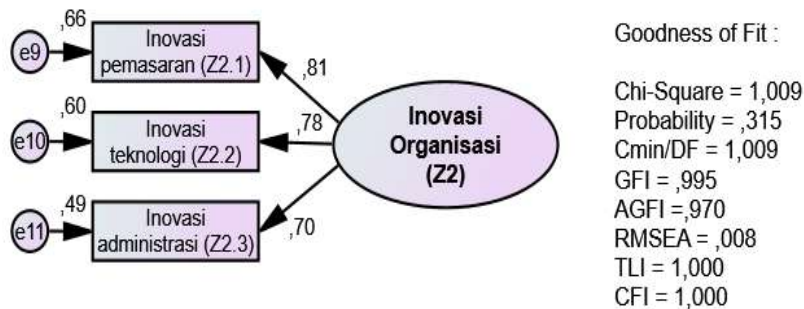


The picture above shows all indicators have a factor loading value greater than 0.50, so these indicators are valid in reflecting the construct of organizational learning and can be used for further analysis. The resulting GFI value is 0.926 (more than 0.90), which indicates the measurement of organizational learning constructs by its indicators are fit with the data. The results of validity and reliability tests on the construct of organizational learning can also be seen in Table 7 below.

Table 7. Validity and Reliability of Organizational Learning Constructions

Indicator	Loading Factor (LF)	(LF) ²	Error (1-LF ²)	Construct Reliability (CR)
Z1.1	0,789	0,623	0,377	0,852
Z1.2	0,883	0,780	0,220	
Z1.3	0,689	0,475	0,525	
Z1.4	0,701	0,491	0,509	
	Validity Req.: FL ≥ 0,50			Reliability Req.: CR ≥ 0,70

In Table 7 it can be seen that all indicators in the organizational learning construct have a factor loading value greater than 0.50 so that the indicators are valid in constructing the construct and can be used to build the model. The table also shows that the measurement of organizational learning constructs produces construct reliability values of 0.852 (greater than 0.70), so it is concluded that the organizational learning constructs are reliable in developing models developed in this study. The CFA test results on the organizational innovation construct using AMOS 24 software are as follows:



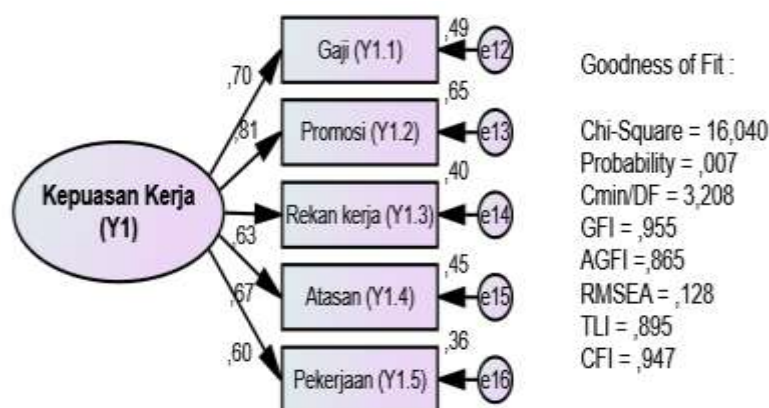
The picture above shows all indicators have a factor loading value > 0.50, so the indicators are valid in reflecting the organizational innovation construct and can be used for further analysis. The resulting GFI value is 0.995 (more than 0.90), which indicates the measurement of the organizational innovation construct by its indicators are fit with the data. The results of validity and reliability tests on the organizational innovation construct can also be seen in Table 8.

Table 8 shows that all indicators of the organizational innovation construct have a factor loading value greater than 0.50 so that the indicators are valid in constructing the construct and can be used to build the model. The table also shows that the measurement of organizational innovation construct produces construct reliability value of 0.808 (greater than 0.70), so it is concluded that the organizational innovation construct is reliable in developing models developed in this study.

Table 8. Validity and Reliability of Organizational Innovation Construction

Indicator	Loading Factor (LF)	(LF) ²	Error (1-LF ²)	Construct Reliability (CR)
Z2.1	0,815	0,664	0,336	0,808
Z2.2	0,777	0,604	0,396	
Z2.3	0,697	0,486	0,514	
	Validity Req.: FL ≥ 0,50			Reliability Req.: CR ≥ 0,70

The CFA test results on the job satisfaction construct using AMOS 24 software are as follows:



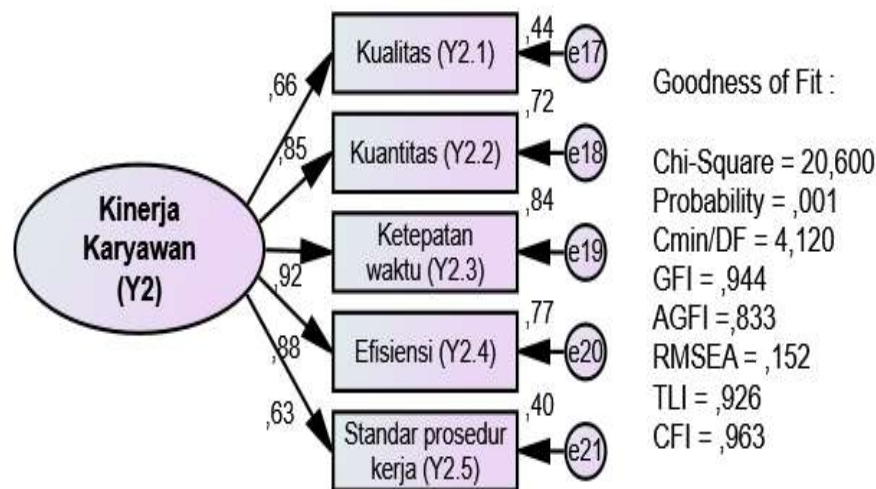
The picture above shows all indicators have factor loading values greater than 0.50, so they are valid in reflecting the construct of job satisfaction and can be used for further analysis. The resulting GFI value is 0.995 (more than 0.90), which indicates the measurement of work satisfaction constructs by the indicators are in

accordance with the data. The results of validity and reliability tests on the construct of job satisfaction can also be seen in Table 9.

Table 9. Validity and Reliability of the Job Satisfaction Constructions

Indicator	Loading Factor (LF)	(LF) ²	Error (1-LF ²)	Construct Reliability (CR)
Y1.1	0.700	0,490	0,510	0,814
Y1.2	0.806	0,650	0,350	
Y1.3	0,633	0,401	0,599	
Y1.4	0,672	0,452	0,548	
Y1.5	0,597	0,356	0,644	
	Validity Req.: FL ≥ 0,50			Reliability Req.: CR ≥ 0,70

Table 9 shows that all indicators on the construct of job satisfaction have a factor loading value greater than 0.50 so that the indicators are valid in constructing the construct and can be used to build the model. The table also shows that the measurement of work satisfaction constructs results in construct reliability values of 0.814 (greater than 0.70), so it is concluded that the constructs of job satisfaction are reliable in developing models developed in this study. CFA test results on the construct of employee performance using AMOS 24 software are as follows:



The picture above shows all indicators have a factor loading value greater than 0.50, so the indicators are valid in reflecting the construct of employee performance and can be used for further analysis. The resulting GFI value is 0.944 (more than 0.90), which indicates the measurement of employee performance constructs by the indicators are fit with the data.

Structural Equation Modeling Analysis (SEM)

After the measurement model stage is fulfilled, the next stage is the structural model. Structural stages of the model function to ensure the model is in accordance with the data (fit) and test the significance of the presence or absence of influence between the variables studied. Structural model testing will use the Maximum Likelihood Estimation (MLE) estimation method in SEM. In structural models, it is first necessary to ensure that the model is in accordance with the data or the model is fit. Then if the model is fit then hypothesis testing can be done. The results of the structural model estimation analysis are presented in Figure 2.

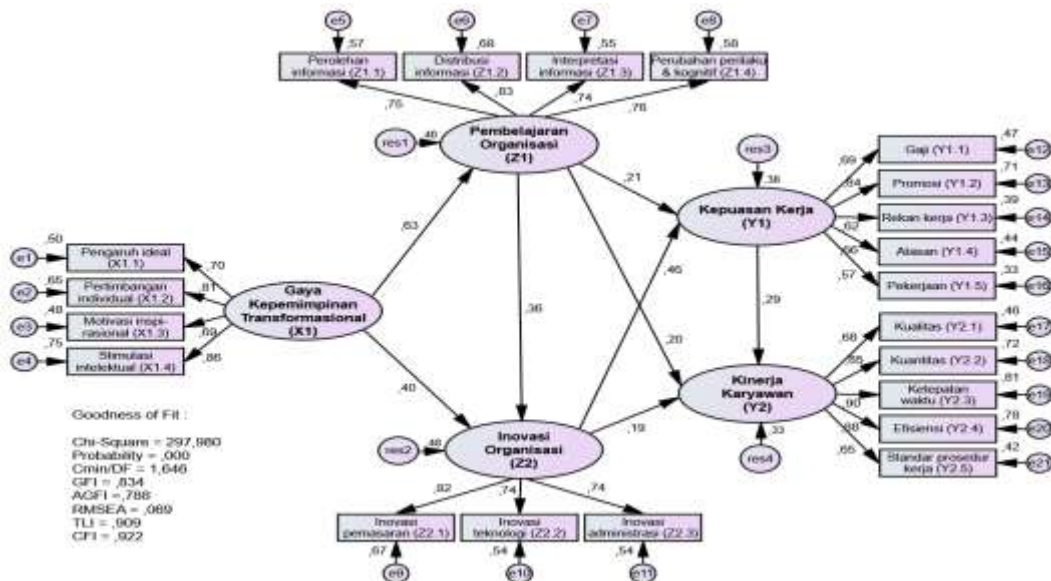


Figure 2. Full Structural Model

Normality Test

Distribution normality test is done by kurtosis value from the data used which is usually presented in descriptive statistics. The statistical value to test for normality is called the Z-value. If the Z-value is greater than the critical value, it can be assumed that the data distribution is not normal. The critical value can be determined based on a significance level of 0.01 (1%) in the amount of ± 2.58.

Table 10. Multivariate Normality Test Results

Variable	Min	Max	skew	c.r.	kurtosis	c.r.
Y2.5	2,000	5,000	-,307	-1,462	,837	1,992
Y2.4	2,000	5,000	-,563	-2,680	,661	1,574
Y2.3	2,000	5,000	-,560	-2,667	,644	1,532
Y2.1	2,000	5,000	-,576	-2,744	1,036	2,467
Y2.2	2,000	5,000	-,745	-3,545	,859	2,046
Y1.5	2,000	5,000	-,413	-1,966	1,639	3,902
Z2.3	2,000	5,000	-,360	-1,714	,141	,337
Z2.2	3,000	5,000	,003	,012	-,470	-1,118
X1.4	2,000	5,000	-,515	-2,450	,644	1,534
X1.3	2,000	5,000	-,764	-3,635	1,975	4,701
X1.2	2,000	5,000	-,647	-3,080	1,256	2,990
X1.1	2,000	5,000	-,793	-3,777	2,273	5,411
Z1.4	2,000	5,000	-,543	-2,588	,645	1,534
Z1.1	2,000	5,000	-,275	-1,311	,064	,153
Z1.2	2,000	5,000	-,556	-2,648	1,077	2,563
Z1.3	2,000	5,000	-,441	-2,100	1,049	2,498
Z2.1	3,000	5,000	-,139	-,662	-,514	-1,224
Y1.4	2,000	5,000	-,541	-2,575	1,088	2,589
Y1.3	2,000	5,000	-,700	-3,331	,739	1,758
Y1.1	1,000	5,000	-,537	-2,556	,169	,403
Y1.2	2,000	5,000	-,239	-1,137	,046	,110
Multivariate					104,897	19,680

The results of normality test show c.r multivariate of 19.68 which is outside the range of -2.58 to +2.58, so it can be concluded that multivariate data is not normally distributed. However, according to Solimun (2002), large sample data (n≥100) using SEM problems, the maximum likelihood method in SEM is not sensitive to data abnormalities. Thus, the distribution of research data can be considered normal and analysis can proceed.

Univariate Outlier

Testing of outlier data in SEM analysis is carried out univariate and multivariate. The univariate outlier test is based on the Z-score for each indicator which must be in the range of -3 to +3. Here are the results of univariate outlier testing.

Multicollinearity and Singularity

Multicollinearity can be detected through the determinant value of the covariance matrix. A very small determinant value is an indication of multicollinearity or singularity problems. In general, Amos v.24 will issue a warning if there are indications of multicollinearity or singularity. In this study, the scale range is quite narrow, so that it causes the determinant value of the covariance matrix to be small. Multicollinearity can be detected from the determinant of the covariance matrix. The very small determinant value of covariance matrix gives an indication of multicollinearity and singularity problems (Ferdinand, 2002: 109). In the AMOS v.24 program, the application will immediately give a warning if there is a singularity in its covariance matrix. The results of the calculation of the goodness of fit index values generated by the structural model are as follows:

Table 11. Goodness of Fit and Cut off Value Structural Model Values

Criteria	Model Test Results	Critical Value	Information
Probability X ² Chi square	0,000	≥ 0,05	Not Fit
Cmin/DF	1,646	≤ 2,00	Fit
RMSEA	0,069	≤ 0,08	Fit
GFI	0,834	≥ 0,90	Marginal Fit
AGFI	0,788	≥ 0,90	Not Fit
TLI	0,909	≥ 0,95	Marginal Fit
CFI	0,922	≥ 0,94	Marginal Fit

The calculation results show that there are some criteria for model suitability (goodness of fit) that do not provide an index in accordance with the recommended (not fit), so that the modification of the model is needed. The results of the calculation of the goodness of fit index values resulting from the modification model are as follows:

Table 12. Modified Goodness of Fit and Cut-off Value Model

Criteria	Model Test Results	Critical Value	Information
Probability X ² Chi square	0,002	≥ 0,05	Not fit
Cmin/DF	1,343	≤ 2,00	Fit
RMSEA	0,050	≤ 0,08	Fit
GFI	0,864	≥ 0,90	Marginal fit
AGFI	0,821	≥ 0,90	Marginal fit
TLI	0,952	≥ 0,95	Fit
CFI	0,959	≥ 0,94	Fit

The calculation results show that most goodness of fit criteria have given a better index (fit). After the modification of the model, the AGFI value becomes marginal fit and the TLI and CFI values become fit, while other criteria provide better model conformity results. Standardized residual covariances value generated from the modification model gives the lowest value (min) of -1,832 and the largest value (max) is 2.288, so that all standardized residual covariances values are in the range of -2.58 to +2.58, so it was concluded that the model modifications made were acceptable.

Hypothesis Test

To test the hypothesis used the Critical Ratio (CR) value and its probability. The parameter of the presence or absence of partial effect can be determined based on the value of CR. To determine whether there is an influence of exogenous variables on endogenous variables and endogenous variables on endogenous variables, the provisions are used if the calculated CR value ≥ 1.96 or a significance value ≤ 0.05. Table 13 shows the results of hypothesis testing based on the value of standardized regression weight in the structural equation model after modification.

Table 13. Hypothesis Testing Through Regression Weight Test

Hyp.	Causality Relations	Coef.	C.R.	P-Value	Inf.
H ₁	Transform. Leadership Style (X ₁) → Organizational Learning (Z ₁)	0,634	4,970	0,000	Sig.
H ₂	Transform. Leadership Style (X ₁) → Organizational Innovations (Z ₂)	0,396	3,204	0,001	Sig.
H ₃	Organizational Learning (Z ₁) → Organizational Innovations (Z ₂)	0,363	2,848	0,004	Sig.
H ₄	Organizational Learning (Z ₁) → Work Satisfaction (Y ₁)	0,277	2,106	0,035	Sig.
H ₅	Organizational Learning (Z ₁) → Employee Performance (Y ₂)	0,419	3,086	0,002	Sig.
H ₆	Organizational Innovations (Z ₂) → Work Satisfaction (Y ₁)	0,282	2,177	0,030	Sig.
H ₇	Organizational Innovations (Z ₂) → Employee Performance (Y ₂)	0,178	1,344	0,179	Not Sig.
H ₈	Work Satisfaction (Y ₁) → Employee Performance (Y ₂)	0,247	2,058	0,040	Sig.

IV. Discussion

Based on the results of data analysis, founded that transformational leadership styles influence organizational learning in VOE in Central Java Province. The results stated that the transformational leadership style influenced organizational learning in the Village Owned Enterprises in Central Java Province in line with the research of Dewi, Herachwati (2010), Hugo Zagorsek, Dimovski, M Skerlavaj (2009) and the results of Makena's research (2017). Organizational learning influences organizational innovation in VOE in Central Java Province. The results of testing this research hypothesis support and are consistent with research conducted by Merdiana (2017), Gumusluog and Ilsev (2009) and research conducted by Jung et al., (2003) which found that transformational leadership style is significantly positively related to organizational innovation.

Organizational learning influences job satisfaction in VOE in Central Java Province. The results of the study state that organizational learning influences organizational innovation in VOE in Central Java Province. This research is consistent with research conducted by Salim and Sulaiman (2011) and Siswanto (2014). Organizational learning influences the performance of employees in VOE in Central Java Province. The results of this study are consistent with the results of Marlani's (2011) which states that organizational learning has a significant effect on employee performance.

Organizational innovation influences job satisfaction in VOE in Central Java Province. The results of this study are consistent and consistent with the results of research by Lambert and Hogan (2009), Sujarwo (2017) which states that organizational innovation has a significant effect on job satisfaction. Organizational innovation does not affect the performance of employees in the Village Owned Enterprises in Central Java Province. The results of this study are not consistent and consistent with the results of research by Sujarwo (2017) which states that organizational innovation has a significant effect on employee performance.

Job satisfaction affects the performance of employees in the Village Owned Enterprises in Central Java Province. The results of this study are consistent and consistent with the results of the W.E research. Tjahjono (2014), Novita, Sunuharjo, Ruhana (2016) who stated that job satisfaction has a significant effect on employee performance.

V. Conclusion

Based on the results of data analysis and discussion, this study came to the conclusion that transformational leadership styles influence job satisfaction and employee performance in VOE in Central Java Province. The study show that transformational leadership style, organizational learning, organizational innovation, job satisfaction and employee performance can be considered as the development of human resource management and organizational behavior theories. Theoretical implications that transformational leadership style, organizational learning, job satisfaction can improve employee performance and provide a scientific explanation of the factors that affect employee performance. Good employee performance will have an impact on the performance of VOE.

Based on of the research showing that transformational leadership style, organizational learning, job satisfaction affect employee performance, it can be concluded that to improve the performance of employees of VOE requires transformational leadership style, organizational learning, and job satisfaction. On the other hand, employee performance cannot directly improve with the presence of organizational innovation. However, employee performance will increase if the organization's innovation is able to cause job satisfaction. With job satisfaction, it has an impact on employee performance.

Implications of the research that show that transformational leadership style, organizational learning, job satisfaction affect employee performance is a contribution to the development of economics. The donations referred to are related to the performance of employees who are the spearhead of the human resources of VOE and how strategies can be further improved employee performance. The results of organizational innovation that do not have an impact on employee performance can be considered and examined more deeply in the future.

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