The Effect of Transformational Leadership on the Employees' Performance through Intervening Variables of Empowerment, Trust, and Satisfaction
(A Study on Coal Companies in East Kalimantan)

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Abstract
The objective of this research is to investigate the influence of the transformational leadership on the performance through empowerment, trust, and satisfaction with leaders. Its data were collected through questionnaire with 201 respondents and analyzed by using the path analysis method.
Transformational leadership is found to significantly influence empowerment and trust on the leaders as indicated by the significance value of < 0.05. Empowerment significantly influences satisfaction whereas trust on the leaders does not significantly influence satisfaction. The result of this research shows that directly, transformational leadership more effectively gives direct effect on the performance than through empowerment, trust, and satisfaction with the leaders. Empowerment and trust on the leaders, either completely or partially, influence satisfaction significantly. Based on the research result, it is suggested that the company leaders should increase transformational leadership, empowerment, trust on the leaders, performance, and satisfaction with the leaders in the company.

1.   Background
Leadership is a topic which is always interesting to be studied and researched, since it is the most widely observed as well as the least understood phenomenon. In its development, this relatively new model in the field of leadership study is called transformational leadership model (Yukl, 2007).
The leadership development in a company is an important matter that needs attention. Leadership in an organization can succeed as it is influenced by several important factors; among others is trust on the leaders. A transformational leadership that successfully increases the trust on the leaders will automatically lead to the subordinate's satisfaction with the leaders resulting in better performance results (Bass, 1993).
There has been many researches on transactional and transformational leaderships along with their influences, yet those researches do not pay attention to the role of empowerment and trust on the leaders with positive results (such as in the subordinates' performance and satisfaction with the leaders). Those are important to study because the organization or company can pay more attention to the importance of empowerment and trust on the leaders to gain good performance and the subordinates' satisfaction with the leaders.

2.   Literature Review
2.1   Transformational Leadership
Leadership can be interpreted as everything that is connected with the job to lead. In essence, leadership is the science and art to influence and direct others by building compliance, fidelity, respect, and vigorous collaboration to gain the goal. Leaders are persons who lead, who held others' hands to lead the way, who show the way for those they lead. They are persons who figuratively show the way; persons who train, educate, and instruct, so that in the end, those they lead can work on their own. Transformational leadership is the effectiveness in influencing the employees' perception and the results of the organization (Fuller and Lowe in Judge and Bono, 2000).
Fuller and Lowe (in Judge and Bono, 2002) proposes that transformational leadership is an effective way to influence the employees' perception and the results of the organization. Transformational leadership is a leadership that creates vision and environment which motivates its employees to excel beyond expectation. In this case, the employees trust, admire, respect, and extend loyalty to their leaders, so that they are motivated to do more than what is expected of them (Bass, 1993). Transformational leadership is defined as a leadership that encompasses organizational change efforts. It is believed that this style will lead to superior performance in an organization that faces renewal and change (Bass, 1993).
Burns (1978) defines transformational leadership as a means in which both the leaders and the followers improve each other to the higher levels of morality and motivation. The components of the transformational leadership were first proposed by Burns, and then they were developed by Bass and Avolio (1994). They consist of four leadership dimensions, namely: idealized influence, inspirational motivation, intellectual stimulation, and

individual consideration. Idealized influence refers to transformational leadership behavior whose followers try to work harder beyond anything imaginable. The followers especially admire, respect, and trust their leaders. They identify their leaders as the persons who fight for the vision and the values they stand for. Inspirational motivation is when the leaders use various symbols to focus on the effort or the action and express the purpose in simple ways. They also evoke the feeling of teamwork, enthusiasm, and optimism among their colleagues and subordinates. Intellectual stimulation is a way to support their followers to be more innovative and creative, in which the leaders encourages their followers to question assumption, to come out with new ideas and methods, and to suggest an old approach using new perspective. Individual consideration means that the transformational leaders give special attention to the need of each individual to reach achievement and to develop by acting as trainers, advisors, teachers, facilitators, trusted persons, and counselors.

Transformational leadership is often called as charismatic leadership, whose leaders create vision and environment which motivate the employees to excel beyond expectation. In this case, the employees trust, admire, respect, and extend loyalty to their leaders, so they are motivated to do more than what is expected of them, often even exceeding what they thought they could do (Bass dan Avolio, 1994).

2.2   Empowerment

Empowerment is defined by Conger and Kanungo (1988, in Ivancevich et al., 2007) as a process to improve the feelings of ability of the organization members by identifying conditions that cause powerlessness and eliminating those conditions through formal organizational practice and informal technique which provides valuable information.

Empowerment can also be defined as the authority to make decisions in an area of responsibility without the necessity of prior consents from others. (Luthans, 2011). There are three things that need to be considered in empowerment, namely: innovation implications, access to information, and accountability and responsibility (Luthans, 2011). Empowerment plays a role in organization effectiveness. In this case, empowerment is believed to facilitate employees' performance, motivation, and productivity. Contemporary research on psychological empowerment is focused on the empowerment and psychological processes which build the foundation in the self-effectiveness and autonomy requirements. Empowerment is a process in which individual self-effectiveness is enhanced. (Conger and Kanungo, 1988, in Bartram and Casimir, 2007).

Leaders can also empower their subordinates by providing good and positive emotional supports during the time of stress and giving chances for job assignment experiences. Moreover, the subordinates can be empowered by encouraging words and positive persuasion from their leaders, and by leaders who acts as role models (Bass, 1985, in Bartram and Casimir, 2007).

2.3   Trust on Leader

Trust is a positive expectation that other will not act opportunistically (either through words, actions, or policies) (Robbins, 2008). There are five important dimensions which underlie the concept of trust, namely: integrity, competency, consistency, loyalty, and openness. Integrity refers to honesty and truth. Of all those five dimensions, this one is the most important when somebody judges whether others can be trusted or not. Competency encompasses individual knowledge and technical and interpersonal expertise. A person tends not to place him/herself in the hands of someone whose ability is questionable. A person needs to trust that that person has the ability and expertise to do what one says. Consistency is connected with reliability, predictability, and good assessment of a certain person when handling a situation. Inconsistency between the words and deeds will lower the level of trust. Loyalty is a willingness to protect and save other person's face. Trust requires a person to be able to depend on somebody that he/she believes not to act opportunistically. The last dimension of trust is openness. A person believes that others will say the real truth.

Trust is defined as a behavior which involves a form of somebody's wish on others, for example, an act which in turn affects his/her own behavior. Trust on the leader is defined as a faith and loyalty to the leader. A low trust level on the leaders will not be able to make their subordinates willing to sacrifice their personal interests for the group interests or organizational goals (Bartram and Casimir, 2007).

Leaders can facilitate trust building since the leaders themselves are determined to build it and they are committed to the vision. Trust on the leaders is an important matter since it is one factor that can affect performances. Moreover, their subordinates need to trust their leaders if they want to work together and are committed to the appointed goals (Bass, 1985, Yukl, 2007).

2.4   Satisfaction with the Leaders

Locke (1976, in Riley, 2006) states that satisfaction with the leaders is the employees' positive assessment toward their leaders. Spector (1997, in Chen, 2008) defines satisfaction with the leaders as the employees' feeling on how their leaders are. Lawler (1990, in Chen, 2008), says that satisfaction with the leaders is the employees' feeling on the rewards accepted from their leaders. Satisfaction with the leaders is one's assessment on one's leader (Shane, 2004, in Carriere and Bourque, 2008). Whereas Robbins (2001) defines satisfaction with the leaders as an individual general behavior on his/her leaders; the difference between the amount of rewards one receives and the amount that they believe they should get.

Satisfaction with the leaders is a big concern in organizational research. It is an important construct for various reasons. Satisfaction with the leaders can be connected to performance. Employees with high level of satisfaction with their leaders will perform better in an organization and will not leave their job (Bartram and Casimir, 2007).

2.5 Performance

Robbins (2001) states that employees' performance is a function of the interaction between the ability and the motivation. In management study, employees' performance is a matter which needs careful deliberation, since an employee's individual performance in an organization takes part in the overall organization's performance and can determine the performance of that organization. The success or the failure of the employees' performance gained by that organization will be affected by the individual's or group's levels of performance.

Gibson and Donnelly (2006) states that performance is an organizational behavior which is directly related to goods production or service delivery. A person's performance is thought as submission of assignments, in which the term assignment comes from the thinking activities required by the job. The performance is a result of the assignments connected to organizational purposes such as quality, efficiency, and other effectiveness criteria. Performance reflects how good and how correct an individual fulfills the assignment's request. Based on above definitions, performance is seen as both qualitative and quantitative result. The success and the failure of the performance reached by an organization is affected by the individual's or group's levels of performance, whose performance is measured using instruments. The instruments are developed in a study which depends on general performance measurement. The measured performance is then translated into basic behavior assessment, which covers various matters, namely: job quantity, job quality, proposed opinion or statement, decision reached in performing the job, and job description.
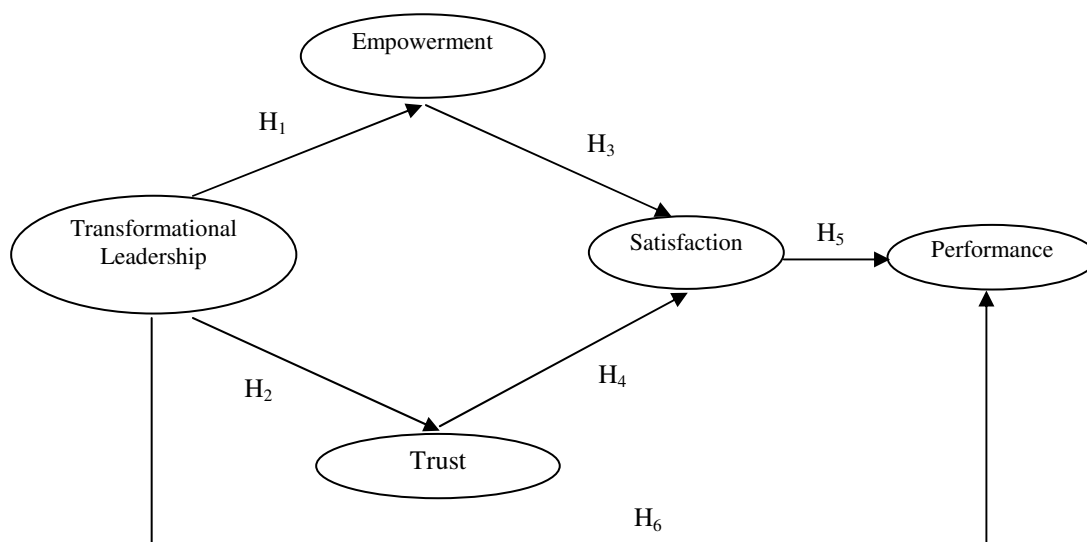

Figure 1: Framework

Ozaralli (2002) states that the essence of transformational leadership is the sharing of power. In this concept, leaders involves their subordinates to work together to create change, commonly called a form of empowerment. Empowerment is vital in an organization, since it is an important construct in the transformation process of the transformational leadership on the organizational commitment. In essence, the subordinates are given the freedom to develop and realize their individual potentials. Subordinates with strong self-efficacy will be more capable of executing challenging assignments, and can even develop effective behaviors. The hypotheses of this research are as follows:

H1:   Transformational leadership significantly influences empowerment

The result of the research conducted by Spreizer, et al. (1997) in Dewettinck and Ameijde (2010) shows positive relations between four psychological empowerment dimensions, namely: meaning, competence, self determination, and impact, on the job satisfaction. Ozaralli (2003) proposes that empowerment gives positive results such as subordinates' performances, satisfaction, and team effectiveness. This statement is supported by Seibert, et al. (2004) in Schermuly, et al. (2010), who states that job satisfaction is the most important matter in a psychological empowerment.

H2:   Transformational leadership significantly influences trust.

Transformational leadership facilitates the development of trust on the leaders since it involves their leadership roles such as showing concern on the needs of their subordinates and act consistently with the adopted values (Bass, 1985, in Bartram and Casimir, 2007). Transformational leadership needs trust on the leaders to acquire good performance. Trust on leaders is important since it is an antecedent of the risk taking behavior. Moreover, the subordinates need to trust their leaders if they want to work together and commit fully to their leaders'

purpose, and also if they positively respond to intellectual stimulus (Bass, 1985, in Bartram and Casimir, 2007).
H3:   Empowerment significantly influences satisfaction.
The result of this research is in compliance with that of the research of Chaudhuri and Holbrook (2001) that the trust on certain product brand influences the customer satisfaction; the higher the level of trust on a certain product brand is, the higher the customer satisfaction is. The result of the research conducted by Lyle (2002), shows that trust can strengthen satisfaction on the customer loyalty.
H4:   Trust significantly influences satisfaction.
Luthan (2006) concludes that there are causal relationship between satisfaction and performance, in which satisfaction influences performance more than performance influences satisfaction. There is a significant relationship between satisfaction and performance in the form of productivity, customer satisfaction and even profit. In other words, employees who get satisfaction in their work will have implication on the working excitement, which in turn will impact the employees' performance. An organization with satisfied employees tends to be more effective than an organization with less satisfied employees (Robbins, 2008). Job satisfaction has a considerable influence on the employees' performance. This research result also supports and strengthens previous research conducted by Carmeli and Freund (2004), Springer (2011), Lisa M et al. (2000), Judge et al. (2001) and Rose et al. (2009), which all state the relation between the commitment model, working behavior, and employees' satisfaction, namely the working satisfaction and the employees' performance. The result shows that there is correlation between working satisfaction and performance, which significantly predicts employees' performance.
H5: Satisfaction significantly influences performance.
Casimir and Waldman et al., (2006) examine the effect of transactional and transformational leaderships on subordinates' performances, incorporating trust on the leaders as an intervening variable. The tests is conducted on two different companies which have different cultures, namely in Australia and China. The result in Australia shows that transformational leadership influences subordinates' performance and is mediated by trust on the leaders. Meanwhile, the result in China shows that mediation of trust has no effect on transformational leadership's influence on employees' performance. The research conducted by Jung and Avolio (2000) tests the analysis of the effect of trust mediation and value congruence on transactional and transformational leaderships. The result of that research reveals that transformational leadership has a very strong and positive influence on performance, mediated by trust and value congruence.
H6:   Transformational leadership significantly influences performance.

3.   Research Method

The population of this research was all employees of 9 coal companies in East Kalimantan as many as 1,452 persons. The respondents of the purposive sampling were 210, all met the criteria of willing to be a respondent, had work for more than 5 years, had minimal education of diploma, and understood and comprehended the intention and the objective of the research. The data were gathered using questionnaire, which were then processed by using path analysis method.

4.   Research Result

The results of the data processing are as follows:

Table 1. The Influence between Variables

Variables	Beta	T	Sig.	Notes
$X \leftarrow Y_1$	0.969	56.578	0.000	Significant
$X \leftarrow Y_2$	0.896	29.119	0.000	Significant
$Y_1 \leftarrow Y_3$	0.832	12.501	0.000	Significant
$Y_2 \leftarrow Y_3$	0.068	1.016	0.311	Not Significant
$X \leftarrow Y_4$	0.891	28.230	0.000	Significant
$Y_3 \leftarrow Y_4$	0.972	19.634	0.000	Significant

Notes:
X   : Transformational Leadership
Y_1 : Empowerment
Y_2 : Trust
Y_3 : Satisfaction
Y_4 : Performance
4.1   The Effect of the Transformational Leadership on Empowerment
Simple linear shows that transformational leadership significantly influences empowerment with the significance of < 0.05. The beta coefficients of the transformational leadership variable are 0.969 and positive, which means that each transformational leadership style increase will enhance empowerment. Ozaralli (2002) states that the essence of the transformational leadership is the sharing of power. In this concept, transformational leaders

involves their subordinates to work together to create change, which commonly is called the form of empowerment. Empowerment is crucial in an organization. It is an important construct in the transformational leadership process transformation of the organizational commitment. In essence, the subordinates are given the freedom to develop and realize potentials embedded in each individual. Subordinates with strong self-efficacy will be more capable of executing challenging assignments, and can even develop effective behaviors.

4.2   The Effect of the Transformational Leadership on Trust on the Leaders

Simple linear shows that transformational leadership significantly influences trust on the leaders with the significance of < 0.05. The beta coefficients of the transformational leadership variable is 0.896 and positive, which means that each transformational leadership style increase will enhance the subordinates' trust on their leaders. Transformational leadership facilitates the development of trust on the leaders since it involves their leadership roles such as showing concern on the needs of their subordinates and act consistently with the adopted values (Bass, 1985, in Bartram and Casimir, 2007). Transformational leadership needs trust on the leaders to perform well. Trust on leaders is important since it is an antecedent of the risk taking behavior. Moreover, the subordinates need to trust their leaders if they want to work together and commit fully to their leaders' purpose, and also if they positively respond to intellectual stimulus (Bass, 1985, in Bartram and Casimir, 2007).

4.3   The Effect of Empowerment on Satisfaction

The research finds that partial empowerment variable significantly influences satisfaction with the leaders at the significance value of < 0.05. It means that with the high level of empowerment activity, satisfaction with the leaders will increase. It is consistent with the opinion of Spreizer, et al. (1997) in Dewettinck and Ameijde (2010), who finds positive correlations between four psychological empowerment dimensions, namely: meaning, competence, self determination, and impact, on job satisfaction. Ozaralli (2003) states that empowerment gives positive results such as subordinates' performance, satisfaction, and team effectiveness This opinion is supported by Seibert, et al. (2004) in Schermuly, et al. (2010), who asserts that job satisfaction is the most important factor in psychological empowerment.
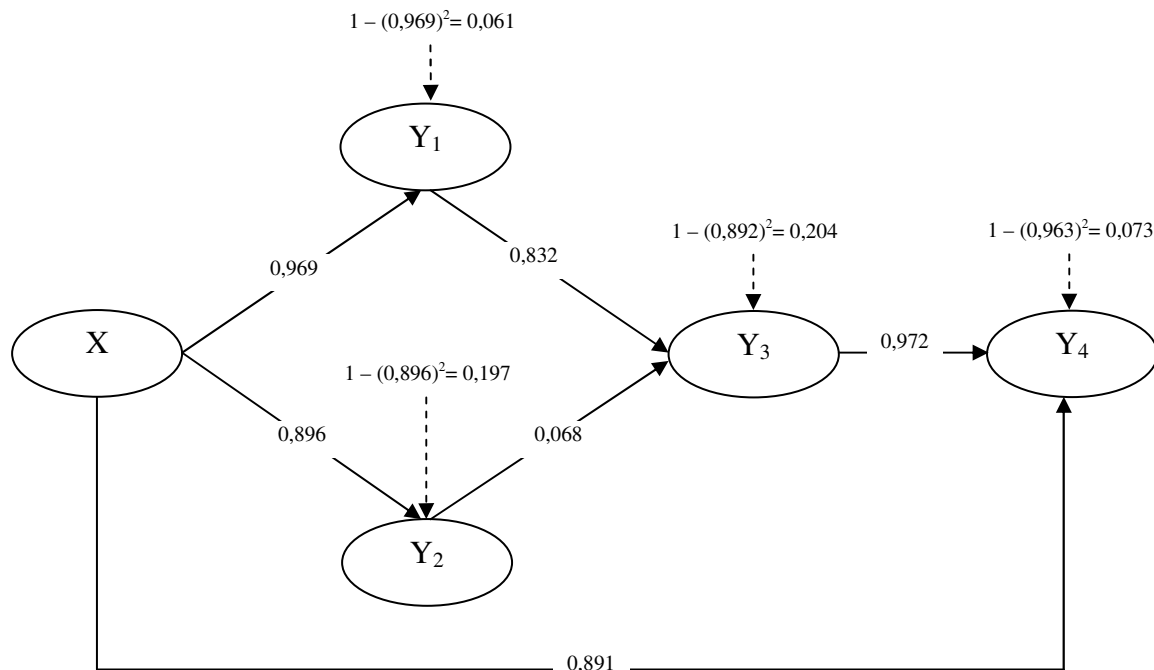
4.4   The Effect of Trust on Satisfaction

The research finds that trust variable partially does not significantly influences satisfaction with the leaders at the significance value of > 0.05. It means that trust on the leaders does not necessarily increase satisfaction with the leaders. This is not in accordance with the opinion of Chaudhuri and Holbrook (2001), whose research result shows that the trust on certain product brand influences the customer satisfaction. Higher level of trust on a certain product brand will result in higher customer satisfaction. The result of the research conducted by Lyle (2002), shows that trust can strengthen satisfaction on the customer loyalty.

4.5   The Effect of Satisfaction on Performance

It is proved that satisfaction with the leaders directly influences performance significantly at the significance value of < 0.05. The beta coefficients is 0.972. It means satisfaction with the leaders can enhance their subordinates' performance. It is in line with Luthan (2006) who concludes that there is a causal relationship between satisfaction and performance, in which satisfaction influences performance more than performance influences satisfaction. There is a significant relationship between satisfaction and performance in the form of productivity, customer satisfaction, and even profit. In other words, employees who get satisfaction in their work will have implication on the working excitement, which in turn will impact the employees' performance. An organization with satisfied employees tends to be more effective than an organization with less satisfied employees (Robbins, 2008). Job satisfaction has a considerable influence on the employees' performance. This research result also supports and strengthens previous research conducted by Carmeli and Freund (2004), Springer (2011), Lisa M et al. (2000), Judge et al. (2001) and Rose et al. (2009), which all state the relation between the commitment model, working behavior, and employees' satisfaction, namely the working satisfaction and the employees' performance. The result shows that there is correlation between working satisfaction and performance, which significantly predicts employees' performance.

4.6   The Effect of Transformational Leadership on Performance

It is proved that transformational leadership directly influences performance significantly at the significance value of < 0.05 and the beta coefficients of 0.891. It means transformational leadership can increase the subordinates' performance. Casimir and Waldman et al., (2006) also test the effect of transactional and transformational leadership on subordinates' performance by incorporating trust on the leaders as an intervening variable. The tests are conducted on two different companies which have different cultures, namely in Australia and China. The result in Australia shows that transformational leadership influences subordinates' performance, and is mediated by trust on the leaders. Meanwhile, the result in China shows that mediation of trust has no effect on transformational leadership's influence on employees' performance. The research conducted by Jung and Avolio (2000) tests the analysis of the effect of trust mediation and value congruence on transactional and transformational leaderships. The result of that research reveals that transformational leadership has a very strong and positive influence on performance, mediated by trust and value congruence.

$$1 - (0,969)^2 = 0,061$$

$$1 - (0,892)^2 = 0,204 \qquad 1 - (0,963)^2 = 0,073$$

$$1 - (0,896)^2 = 0,197$$

Y₁, X, Y₂, Y₃, Y₄ diagram with path coefficients 0,969; 0,832; 0,896; 0,068; 0,972; 0,891

Direct Influence:
$X \leftarrow Y_4 = 0.891$
Indirect Influence:
$X \leftarrow Y_1 \leftarrow Y_3 \leftarrow Y_4 = 0.784$
$X \leftarrow Y_2 \leftarrow Y_3 \leftarrow Y_4 = 0.060$

The size of the direct effect of transformational leadership on performance is 0.891. Thus, it is concluded that the actual effect is the direct effect: since the value of the coefficient of the direct effect of 0.891 is greater than the indirect effect coefficient of 0.844, transformational leadership directly influence performance significantly than through empowerment, trust, and satisfaction with the leaders.

5. Conclusion

The result of this research shows that directly, transformational leadership more effectively gives direct effect on the performance than through empowerment, trust, and satisfaction with the leaders. Empowerment and trust on the leaders, either completely or partially, influence satisfaction significantly. Based on the research result, it is suggested that the company leaders should increase transformational leadership, empowerment, trust on the leaders, performance, and satisfaction with the leaders in the company.

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