The Influence of Leadership Style on Firm Performance through Job Satisfaction (A Case Study at PT. Bank Aceh Syariah)

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Abstract: This study analyzed the effect of leadership style on firm performance and examined the mediating effect of job satisfaction. The samples used were 140 managers at PT. Bank Aceh Syariah taken using the Census technique. The analytical tool used was path analysis using the SEM (structural equation modeling) method using Amos. The results showed that leadership style influenced job satisfaction positively and significantly, then job satisfaction influenced firm performance positively and significantly. In addition, leadership style influenced firm performance positively and significantly, and job satisfaction fully mediated between leadership style and firm performance.

Keywords: Leadership Style, Job Satisfaction, and Firm Performance.

INTRODUCTION

Human resources can help companies achieve competitive and superior advantages (Boon et al., 2018). The need for human resources in organizations to implement organizational policies sometimes comes at the expense of employee health (Wang et al., 2019). These problems encourage thinkers to change organizations’ policies to focus more on employee welfare (Kowalski & Loretto, 2017) and offer alternative pathways for higher employee performance (Guest, 2017; Cooke et al., 2020). Good working techniques, organized, and easily accessible encouraged the academic community to discuss the conceptual basis in terminology, level of analysis (such as individual, business unit, or organization), and quality (Özşahin et al., 2011).

Firm performance is the company's ability to achieve goals by using resources efficiently and effectively (Daft, 2010) and to improve firm performance to keep the organization competitive (Boon et al., 2018). Therefore, the learning organization is an important strategy to facilitate learning and knowledge formation so that company performance can be good (Davis & Daley, 2008). Organizations need to develop retention strategies to improve organizational performance and improve the relationship between human resource management practices and organizational performance (Aldamoe et al., 2012). In addition, Bormann & Rowold (2016) stated that ever-evolving organizations leave their mark on most organizational life. A better understanding of an organization's HR practices helps increase trust (Farndale et al., 2011). Correspondingly, the flexibility and motivation of its human resources also make employees more energetic, dedicated, and more committed to their work and ultimately creates a sense of satisfaction (Pradhan & Dash, 2019). Various factors affect company performance, such as leverage, company size, and environmental performance. The application of leverage, firm size and environmental performance must be supported by the state and its apparatus as regulators, business as market participants, and society as users of world business products or services (Hastuti, 2018).

In general, employees with high levels of job satisfaction feel fair in their work environment and feel that their work gives them several positive qualities such as diversity, challenge, good salary, security, independence, pleasant cooperation (Bakotić, 2016). Happy employees will devote their time to the company's interests and will be creative and earnest in their work. Besides, they will try to find ways to overcome all obstacles to achieve the firm's goals. Farndale et al., (2011) claim that companies with happy employees will be successful in the future. Conversely, when employees feel uncomfortable, the impact of bullying felt by employees has a bad influence on the company, especially the relationship between superiors and subordinates cannot work well together (Agarwal & Farndale, 2017).
There are various kinds of bad phenomena in the workplace such as bullying, cruel supervision, harassment, considering these unethical problems will have a negative effect on the firm performance later (Rai & Agarwal, 2017). According to Bakotić (2016), job satisfaction can affect employee attitudes towards organizational behavior. Therefore, organizational performance must be considered every time, especially those related to external factors consisting of company conditions and company circumstances. Factors affecting job satisfaction consist of the nature of the job, the opportunity to advance, opportunity to get further education, good leadership, co-workers, supervision from the leader, satisfying salary, opportunity to get a position, working conditions, permanent work, and appropriate working hours (Bakotić, 2016). Meanwhile, according to Robbins (2011), the factors that influence job satisfaction are challenging work, appropriate salary or wages, supportive working conditions, supportive co-workers, and personality compatibility with work. In addition, on the relationship between job satisfaction and firm performance as the by Bakotić (2016) stated that there was a strong influence between job satisfaction and organizational performance. It indicated that job satisfaction had a positive effect on firm performance.

Besides, what needs to be considered is the leadership style, where some people think that the superior leadership style considered by employees is that the leader changes the national leadership style to a transactional leadership style and a laissez-faire leadership style (Abasilim et al., 2019). There is also another opinion that says that strategic leadership is also effective directly or indirectly. Different leadership styles support different communication styles in influencing followers (Men & Stacks, 2013). This finding stated that constructive leadership behavior positively influenced employee trust and work atmosphere. Brandebo et al., (2016) claimed that bad leadership behavior causes a negative effect. Leaders can develop skills in fostering their subordinates by learning national leadership skills and then modified and developed through educational programs to create new problem-solving methods (Lai et al., 2020).

Leadership style is influenced by several factors, and the main factors that influence leadership style consist of leader, followers, communication, and status. (US Army, 1983). Previous conducted by Omidifar (2013) found a positive and significant relationship between leadership style and job satisfaction. Furthermore, Kertiriasih et al., (2018) claimed that leadership style directly influenced job satisfaction. Zšahin et al., (2011) found the same thing from many surveys that increasing organizational performance stems from leadership style. Zer & Timaztepe (2014) also found that leadership style significantly influenced firm performance.

The study tested the following hypotheses:
H1: Leadership style had a positive and significant effect on job satisfaction at PT. Bank Aceh Syariah.
H2: Job Satisfaction had a positive and significant effect on firm performance at PT. Bank Aceh Syariah.
H3: Leadership style had a positive and significant effect on firm performance at PT. Bank Aceh Syariah.
H4: Job satisfaction mediated the influence of leadership style on firm performance at PT. Bank Aceh Syariah.

LITERATURE REVIEW
Theoretical Framework
The conceptual framework refers to theoretical expert views and empirical results about the relationship between leadership style and job satisfaction and firm performance and the relationship between job satisfaction and firm performance. The relationship between leadership style and its effect on job satisfaction was similar to previous conducted by Omidifar (2013) and Pawinsusumanto et al., (2017), stating that leadership style positively and significantly influenced job satisfaction. Furthermore, the relationship between job satisfaction and firm performance stated by the results of by Bakotić (2016) and Quy (2018) indicated that job satisfaction had a significant effect on firm performance. As for the relationship of the influence of leadership style on firm performance through job satisfaction as the results of previous conducted by Kristanti & Hatane (2014) found that job satisfaction partially mediated the influence between leadership on firm performance. Based on the findings of previous studies, the conceptual framework can be seen in Figure 1 below:

Figure 1; Conceptual Frame Work
Source: Researcher (2021)

MATERIALS
Independent Variable (Leadership Style)
Chang (2017) explained that leadership style is any tool a leader uses to influence the behavior of employees or followers. Mitonga-Monga (2012) mentioned that leadership is a model of management behavior designed to combine organizational or personal interests and influences to achieve particular goals. Senior management plays a vital role in an organization because these managers manage the organization in a very diplomatic way and result in the role of employees being not necessary but must make employees feel part of the organization. Therefore,
employees encourage their leadership style (Tahir, 2015).

**Dependent Variable (Firm Performance)**

Performance is a theme that academics and practicing managers continue to explore in most branches of management, including strategic management. Currently, concepts for improving and managing organizational performance are widely available, while the academic community has not encountered the cases with terminology, level of analysis (individual, work unit, or organization as a whole), and effective performance appraisal (Orşahin et al., 2011). Firm performance is the company’s ability to achieve goals by using resources efficiently and effectively (Daft, 2010).

**Intervening Variable (Job Satisfaction)**

Bakotić and Fskovića (2013) explain that job satisfaction is generally indicated by employees liking the work itself and the level of enjoyment in carrying out work. In addition, according to Wang & Ho (2012), job satisfaction leads to a person’s emotional attitude or tendency towards work. Meanwhile, according to Antoncic & Antoncic (2011), employee satisfaction is a person’s satisfaction with the quality of his work or the extent to which employees can complete their work if the internal functions of a company run in line with the interests and needs of employees. Afterward, Chatzoglou et al., (2011) stated that job satisfaction is an expression of personal feelings towards work and affects the functioning of the organization. It means that if employees feel job satisfaction, they will do their best to complete their works.

**Data**

This used primary data from distributing questionnaires to 140 managers at PT. Bank Aceh Syariah using the Census technique.

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Indicators</th>
<th>Scales</th>
</tr>
</thead>
</table>

**Data analysis approach**

After passing the SEM analysis, the SEM Assumption test was carried out. SEM analysis consisted of sample size, data normality, data outliers, multicollinearity, and singularity. The test serves to see whether all instruments have met the required criteria or not. After passing all the tests, it is necessary to test the full-Model SEM on all exogenous and endogenous variables combined into one and intact through the variance and covariance matrix. The complete model is also called the model. Further explanation of the complete model appears in Figure 2 below:

![Figure 2; Full Model](image-url)
The equation in this study can be formulated as follows:
Sub-structure 1
JS = β₁LS + Z₁

Sub-structure 2
FP = β₁LS + β₂JS + Z₂

Where:
β (Beta) = The direct relationship of endogenous variables to other endogenous variables
FP = Firm Performance
JS = Job Satisfaction
LS = Leadership Style
Z₁ = Residual

**METHODS**

**Population and Sample**

The population in this study were all managers at PT. Bank Aceh Syariah and functioned as the samples were 140 respondents. This study used primary data obtained by distributing online questionnaires to 140 respondents formed after reviewing several previous results. The electronic link of the questionnaire was sent to the Branch Head at PT. Bank Aceh Syariah and then resent to the manager in each branch office. The samples consisted of heads of operational managerial and marketing managerial divisions in various branch offices at PT. Bank Aceh Syariah in Aceh Province-Indonesia. This quantitative method examined the relationship between variables and determined the influences on each other.

Each data must show that all variables have Construct Reliability (CR) values higher than 0.70 and a Variance Extracted (VE) value higher than 0.5. In addition, all latent constructs have good discriminant validity. It appears on the square root of the VE of each latent construct that its value must be higher than its correlation value. Construct reliability test is critically important in to be able to process further analysis. In SEM, the ideal number of samples is between 100-200, which is 5-10 of the number of indicators (Hair et al., 2009). This used 14 indicators. The number of samples was determined by multiplying the number of indicators by 10. So, the number of samples was 14 x 10 = 140 respondents. This study used primary data obtained by distributing questionnaires and using a Likert scale with a gradient from very positive to very negative, including a range from 1 (strongly disagree) to 5 (strongly agree). The sampling technique was carried out using Census.

**RESULTS**

The findings in confirmatory factor Analysis Validity tests on exogenous and endogenous constructs using SEM Amos stated that all CFA values were valid except for the CFA JS5 value with a value of 0.043. Because the CFA JS5 value was invalid or below 0.60, the JS5 indicator value must be discarded (Ghozali, 2013). The indicator is valid when the loading factor value for each item or indicator is higher than 0.60 (Ghozali, 2013). Validity test values that have discarded invalid indicators appear in table 1 below:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Estimate</th>
<th>Cut of Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>LS1 &lt;--- Leadership Style</td>
<td>0.728</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>LS2 &lt;--- Leadership Style</td>
<td>0.710</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>LS3 &lt;--- Leadership Style</td>
<td>0.650</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>LS4 &lt;--- Leadership Style</td>
<td>0.781</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>JS1 &lt;--- Job Satisfaction</td>
<td>0.732</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>JS2 &lt;--- Job Satisfaction</td>
<td>0.720</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>JS3 &lt;--- Job Satisfaction</td>
<td>0.683</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>JS4 &lt;--- Job Satisfaction</td>
<td>0.771</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>FP1 &lt;--- Firm Performance</td>
<td>0.694</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>FP2 &lt;--- Firm Performance</td>
<td>0.683</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>FP3 &lt;--- Firm Performance</td>
<td>0.730</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>FP4 &lt;--- Firm Performance</td>
<td>0.807</td>
<td>0.60</td>
<td>Valid</td>
</tr>
<tr>
<td>FP5 &lt;--- Firm Performance</td>
<td>0.644</td>
<td>0.60</td>
<td>Valid</td>
</tr>
</tbody>
</table>

The table above showed that the results of the CFA test of each variable were already valid on exogenous and endogenous constructs.

Each data must show that all variables had a Construct Reliability (CR) value higher than 0.70 and a Variance Extracted (VE) value higher than 0.5. In addition, all latent constructs have good discriminant validity. It appears on the square root of the VE of each latent construct that its value must be higher than its correlation value. Construct reliability test is necessary for to be able to process further analysis.
Table 2. Conclusions of Construct Reliability & Variance Extracted Test Results

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Construct Reliability</th>
<th>Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Nilai Cut Off</td>
<td>Nilai Perolehan</td>
</tr>
<tr>
<td>1</td>
<td>Firm Performance</td>
<td>0,7</td>
<td>0,838</td>
</tr>
<tr>
<td>2</td>
<td>Job Satisfaction</td>
<td>0,7</td>
<td>0,818</td>
</tr>
<tr>
<td>3</td>
<td>Leadership Style</td>
<td>0,7</td>
<td>0,810</td>
</tr>
</tbody>
</table>

Based on table 2 above, all constructs in this model had good reliability and convergent values. So, the model can be processed for the next stage.

Normality tests

If the critical ratio skewness or critical ratio kurtosis has an absolute value between -2.58 to +2.58, the data is normally distributed. The results of the normality tests are in table 3 below:

Table 3. Assessment of normality (Group number 1)

<table>
<thead>
<tr>
<th>Variable</th>
<th>min</th>
<th>max</th>
<th>Skew</th>
<th>c.r.</th>
<th>kurtosis</th>
<th>c.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP5</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,267</td>
<td>-1,288</td>
<td>-0,111</td>
<td>-0,268</td>
</tr>
<tr>
<td>JS3</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,394</td>
<td>-1,903</td>
<td>-0,463</td>
<td>-1,117</td>
</tr>
<tr>
<td>FP4</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,105</td>
<td>-0,507</td>
<td>-0,362</td>
<td>-0,875</td>
</tr>
<tr>
<td>FP3</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,429</td>
<td>-2,070</td>
<td>-0,414</td>
<td>-0,999</td>
</tr>
<tr>
<td>FP2</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,239</td>
<td>-1,153</td>
<td>-0,635</td>
<td>-1,535</td>
</tr>
<tr>
<td>FP1</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,267</td>
<td>-1,291</td>
<td>-0,574</td>
<td>-1,386</td>
</tr>
<tr>
<td>JS4</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,343</td>
<td>-1,656</td>
<td>-0,511</td>
<td>-1,235</td>
</tr>
<tr>
<td>JS2</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,244</td>
<td>-1,181</td>
<td>-0,934</td>
<td>-2,257</td>
</tr>
<tr>
<td>JS1</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,308</td>
<td>-1,486</td>
<td>-0,738</td>
<td>-1,783</td>
</tr>
<tr>
<td>LS4</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,318</td>
<td>-1,535</td>
<td>-0,818</td>
<td>-1,977</td>
</tr>
<tr>
<td>LS3</td>
<td>2,000</td>
<td>5,000</td>
<td>0,058</td>
<td>0,278</td>
<td>0,453</td>
<td>1,094</td>
</tr>
<tr>
<td>LS2</td>
<td>1,000</td>
<td>5,000</td>
<td>-0,362</td>
<td>-1,747</td>
<td>-0,699</td>
<td>-1,689</td>
</tr>
<tr>
<td>LS1</td>
<td>2,000</td>
<td>5,000</td>
<td>-0,300</td>
<td>-1,450</td>
<td>-0,763</td>
<td>-1,844</td>
</tr>
<tr>
<td>Multivariate</td>
<td></td>
<td></td>
<td></td>
<td>3,436</td>
<td></td>
<td>1,029</td>
</tr>
</tbody>
</table>

Table 3 shows that the value of c.r is univariate and multivariate, none of which is outside the value range of ± 2.58. It means that the data can be concluded with a normal distribution (Byrne, 2016).

Goodness of Fit Tests

The goodness of fit tests of the model through the flow chart in the full model equation is carried out on all exogenous and endogenous variables combined into one complete (path) diagram through a complete variance or covariance matrix, and it is known as a model. The full model SEM tests consist of full model SEM before and after modification. Full model Testing before modification functions to see to what extent the initial model formed meets the Goodness of Fit (GOF) criteria before the model is modified. Figure 3 below shows the complete model before modification.

Figure 3; Full Model before modification
Figure 3 shows that not all Goodness of Fit (GOF) scores meet the required criteria (Byrne, 2016). Thus, the model needs to be modified. The complete model after testing is modified to meet GOF criteria.

Modifications are made by connecting the error terms suggested by the system, which aims to increase the GOF value that does not meet the criteria. Figure 4 below is a full model after modification.

Based on Figure 4, the full model after the modification had met the Goodness of Fit (GOF) criteria, such as the Chi-square value, CMIN / DF, GFI, AGFI, TLI, CFI, RMSEA, especially the P-value 0.228, which was higher than the required value of 0.05. It indicated that the model formed was good. For more information, see Table 4 below.

### Table 4. Criteria Goodness of Fit Full Model after Modification

<table>
<thead>
<tr>
<th>Goodness of Fit Index</th>
<th>Expected Value</th>
<th>Result Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>χ² Chi-Square Statistik</td>
<td>Diharapkan Kecil</td>
<td>65,685</td>
<td>Good</td>
</tr>
<tr>
<td>Probability</td>
<td>≥0,05</td>
<td>0,228</td>
<td>Good</td>
</tr>
<tr>
<td>CMIN/DF</td>
<td>≤2,00</td>
<td>1,1325</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥0,90</td>
<td>0,939</td>
<td>Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥0,90</td>
<td>0,904</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>≥0,95</td>
<td>0,986</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>≥0,95</td>
<td>0,989</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤0,08</td>
<td>0,031</td>
<td>Good</td>
</tr>
</tbody>
</table>

### Hypothesis Tests

The magnitude influence of independent variables on dependent variables exist in Table 5 below:

### Table 5. Effect of independent variables on dependent variables

<table>
<thead>
<tr>
<th></th>
<th>Std. Estimate</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>---</td>
<td>Leadership Style</td>
<td>0.276</td>
<td>0.335</td>
<td>0.133</td>
</tr>
<tr>
<td>Firm Performance</td>
<td>---</td>
<td>Leadership Style</td>
<td>0.306</td>
<td>0.377</td>
<td>0.110</td>
</tr>
<tr>
<td>Firm Performance</td>
<td>---</td>
<td>Job Satisfaction</td>
<td>0.737</td>
<td>0.749</td>
<td>0.131</td>
</tr>
</tbody>
</table>

According to Table 5, structural equations can be outlined as follows:

Structural Equations I:  
\[ Z = \beta_1 LS + Z_1 \]  
\[ Z = 0.276 X_i \]

Structural Equations II:  
\[ Y = \beta_1 LS + \beta_2 JS + Z_2 \]  
\[ Y = 0.306 X_i + 0.737 Z \]
Based on Table 5 above, a detailed explanation to answer the hypothesis is as follows:

- **The Effect of Leadership Style on Job Satisfaction**
  The analysis results found that Leadership Style positively and significantly influenced Job Satisfaction at PT. Bank Aceh Syariah with a magnitude of influence of 0.276 (27.6%), a CR of 2.520, and a probability value of 0.012. It indicated that it was very significant (Byrne, 2016).

- **The Influence of Leadership Style on Firm Performance.**
  The analysis results found that Leadership Style positively and significantly influenced firm performance at PT. Bank Aceh Syariah with a magnitude of influence of 0.306 (30.6%), a CR value of 3.440, and a probability value of 0.0001. It indicated that it was very significant (Byrne, 2016).

- **The Effect of Job Satisfaction on Firm Performance**
  The analysis found that job satisfaction positively and significantly influenced firm performance at PT. Bank Aceh Syariah with a magnitude of influence of 0.737 (73.7%), a CR value of 5.719, and a probability value of 0.0001. Byrne (2016) claimed it as very significant.

The **direct, indirect, and total effects** were listed in Table 6.

<table>
<thead>
<tr>
<th></th>
<th>Leadership Style</th>
<th>Job Satisfaction</th>
<th>Firm Performance</th>
<th>Direct Effects</th>
<th>Indirect Effects</th>
<th>Total Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership Style</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.276</td>
<td>0</td>
<td>0.509</td>
</tr>
<tr>
<td><strong>Job Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0.737</td>
</tr>
<tr>
<td><strong>Firm Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Job Satisfaction mediated the Effect of Leadership Style on Firm Performance. To determine the effect of Job Satisfaction on Leadership Style with Firm Performance can be seen in the following Sobel test figure below:

![Figure 5: Hasil Sobel Test An Interactive calculation tool for Mediation tests of Leadership Style – Job Satisfaction – Firm Performance](image)

The results of testing the effect of mediating (intervening) the relationship of leadership style with firm performance mediated by job satisfaction can be seen in Figure 6:
Figure 6 showed that the coefficients of path A, path B, and path C were significant, while path the C significance value was not significant. The results of this study stated that the variable M was a full mediating variable. After entering the variable M, the effect of variable X on Y decreased to zero (C = 0), which indicated that the significant effect of the variable X on Y (before entering the variable M) became insignificant after entering the variable M into the regression equation model.

**DISCUSSIONS**

This section discusses the results of SEM model analysis. In addition, this section also emphasizes hypothesis testing to answer hypotheses and related theories as empirical evidence from previous. The explanation of the results of the analysis is as follows:

- **The influence of leadership style on job satisfaction at PT. Bank Aceh Syariah.**

Leadership style significantly influenced job satisfaction at PT. Bank Aceh Syariah (see Table 5) with a standard estimation coefficient value of 0.276 with a CR-critical ratio value much higher than the CR Minimum required is 1.96 (2.520 > 1.96), and the probability lower than the error rate (alpha) = 0.05 (0.012<0.05). Thus, it can be declared significant. So, the hypothesis was rejected. The results accepted the first hypothesis and showed that leadership style positively and significantly influenced job satisfaction. It means that if the leadership style at this bank is good, job satisfaction will increase. The results of this study strengthened the results of previous conducted by Omidifar (2013), stating that leadership style influenced job satisfaction. Pawinsumanto et al., (2017) and Chang (2017) discussed the same thing and showed that leadership style positively influenced job satisfaction.

- **The effect of job satisfaction on firm performance at PT. Bank Aceh Syariah.**

Job satisfaction influenced firm performance at PT. Bank Aceh Syariah (see table 5) with the standardized estimation coefficient value 0.737 and CR-critical ratio higher than CR. The minimum required is 1.96 (5.719>1.96) or the probability is lower than the error rate (alpha) = 0.05 (0.0001<0.05), then it is declared significant. So, the hypothesis was rejected and showed that job satisfaction positively and significantly influenced firm performance. It indicates that if job satisfaction at this bank is good, the company's performance will increase. Therefore, the findings of this supported previous conducted by Bakotić (2016) and Quy (2018), who claimed job satisfaction significantly influenced organizational performance.

- **The influence of leadership style on firm performance at PT. Bank Aceh Syariah.**

Leadership style affected the firm performance of PT. Bank Aceh Syariah as mentioned in table 5 with a standard estimated coefficient value of 0.306, the value of the CR-critical ratio was much higher than the required CR of 1.96. (3.440 > 1.96), and the probability was lower than the error rate (alpha) = 0.05 (0.0001 < 0.05). Thus, the hypothesis was rejected.

The results accepted the third hypothesis and stated that leadership style positively and significantly influenced firm performance. It means that a good leadership style can improve firm performance. The results of this study supported previous conducted by Zer & Tınaztepe (2014), which showed that leadership style positively and significantly influenced firm performance. In addition, Anggirawan & Wirakusuma (2015) stated that leadership style significantly influenced organizational performance.

- **Job satisfaction mediated leadership style on firm performance of PT. Bank Aceh Syariah.**

The results indicated that the firm performance was not only directly influenced by leadership style but can also be influenced by job satisfaction. Regarding whether job satisfaction acts as a mediating variable to influence indirectly between leadership style and company performance or not, it can be seen in the results of testing on the theory of Baron & Kenny (1986) with the Sobel test tool developed by Preacher & Hayes (2004). Baron & Kenny (1986) described a simple analysis procedure of mediator variables through regression. In essence, according to Baron & Kenny (1986), a variable can be said to be a mediator if the results are: (1) Path A: significant (2) Path B: significant (3) Path C: significant (4) Path C': not significant. To be declared as a mediator, the relationship X to Y in the third equation must be insignificant or zero and is perfect mediation. If equations 1 to 3 are fulfilled, and equation 4 is not fulfilled (full mediation). So, hypothesis 4 (H4) is accepted.

According to the theory of Baron & Kenny (1986), the criteria for probability values that should be on the C path are not significant. If this criterion value is exceeded, a full mediation will occur. While the probability value of path C is not significant ≥ 0.05, it indicates that the intervening variable has perfect mediation or full mediation on exogenous variables. Calculations using the Sobel test for the mediation test showed that the path probability value of C was not significant (0.051). It proved that job satisfaction was mediated in full mediation between leadership style and firm performance at PT. Bank Aceh Syariah.

**CONCLUSIONS**

Based on the objectives, the conclusions were as follows:

1. Leadership style had a positive and significant effect on employee job satisfaction at PT. Bank Aceh Syariah because the leadership style has been good at the significance value of 0.012. The results of stated that leadership style had a significant effect on employee job satisfaction at PT. Bank Aceh Syariah.
2. Job satisfaction had a positive and significant effect on firm performance at PT. Aceh Sharia Bank. It means that if job satisfaction is sufficient, the firm performance will increase. Job satisfaction applied so far to the firm performance at PT. Bank Aceh Syariah has been so adequate with a significant value of 0.0001. It shows that job satisfaction has a significant effect on increasing firm performance at PT. Bank Aceh Syariah.

3. Leadership style positively and significantly influenced firm performance at PT. Bank Aceh Syariah with a significant value of 0.0001. It proved that leadership style had a significant effect on firm performance at PT. Bank Aceh Syariah.

4. Job satisfaction has a full mediating effect between leadership style and company performance at PT. Aceh Sharia Bank. The results of calculations using the Sobel test showed that the probability value of path C was insignificant (0.051) and indicated that job satisfaction fully mediated between leadership style and firm performance at PT. Bank Aceh Syariah.

**IMPLICATIONS**

Every must contribute or have theoretical implications for science development, practice, and managerial policy. This seeks to provide theoretical and practical contributions.

**Theoretical Implications**

The results of this study provide several theoretical implications as follows:

1. Leadership style positively and significantly influenced job satisfaction. It is in line with most of the results of previous studies, which found a positive and significant influence between leadership style on job satisfaction. So, it has strengthened the theoretical framework related to the effect of leadership style on job satisfaction.

2. Job satisfaction had a positive and significant effect on firm performance. It is in line with most of the results of previous studies, which found a positive and significant effect of job satisfaction on firm performance.

3. Leadership style had a positive and significant effect on firm performance. It is in line with most of the results of previous studies, which found a positive and significant influence between leadership style on company performance. It shows that this has strengthened the theoretical framework related to the influence of leadership style on firm performance.

4. Based on the results of data analysis, job satisfaction fully mediated the relationship between leadership style and firm performance.

**Practical Implications**

1. This study also found that leadership style had a positive and significant effect on job satisfaction. In essence, the better the level of leadership style, the higher the job satisfaction.

2. Job satisfaction had a positive and significant effect on firm performance at PT. Bank Aceh Syariah. In other words, higher job satisfaction has an impact on higher performance. It means that the leadership should consider the job satisfaction of employees to improve firm performance.

3. This study also found that leadership style had a positive and significant effect on firm performance. It means that the better the level of leadership style, the higher firm performance.

4. This study found that the role of job satisfaction can fully mediate the relationship of leadership style to firm performance. Meanwhile, the results of previous studies stated that job satisfaction partially mediated the influence of leadership on firm performance. This study finding refuted the statement of previous researchers and concluded that indirectly job satisfaction had a strong effect in mediating leadership style on firm performance with full-mediation.

**REFERENCES**


