

The Effect of Leadership Style on Employee Satisfaction

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Abstrak. Penelitian ini bertujuan untuk menganalisis pengaruh gaya kepemimpinan terhadap kepuasan karyawan di industri perhotelan. Metode kuantitatif digunakan dengan mendistribusikan kuesioner kepada 101 karyawan hotel di seluruh Indonesia menggunakan teknik pengambilan sampel kontinyu. Data dianalisis menggunakan Partial Least Squares Structural Equation Modeling (PLS-SEM). Hasil penelitian menunjukkan bahwa gaya kepemimpinan berpengaruh positif dan signifikan terhadap kepuasan karyawan, dengan nilai R-kuadrat sebesar 0,591 dan koefisien jalur sebesar 0,769 (nilai-p = 0,000). Temuan ini menyoroti pentingnya penerapan pendekatan kepemimpinan yang efektif untuk meningkatkan kesejahteraan psikologis dan kepuasan kerja karyawan. Penelitian ini memberikan rekomendasi praktis bagi manajemen hotel untuk merancang strategi SDM yang mendorong kepemimpinan partisipatif dan transformasional.

Kata kunci: Gaya Kepemimpinan; Kepuasan Karyawan; Hotel; Manajemen Sumber Daya Manusia; Lingkungan Kerja.

Abstract. This study aims to analyze the effect of leadership style on employee satisfaction in the hospitality industry. A quantitative method was employed by distributing questionnaires to 101 hotel employees across Indonesia using convenience sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results revealed that leadership style has a positive and significant effect on employee satisfaction, with an R-squared value of 0.591 and a path coefficient of 0.769 (p-value = 0.000). These findings highlight the importance of adopting effective leadership approaches to enhance employee psychological well-being and job satisfaction. This study provides practical recommendations for hotel management to design HR strategies that promote participative and transformational leadership.

Keywords: Leadership Style; Employee Satisfaction; Hotel; Human Resource Management; Work Environment.

Introduction

Over the past two decades, Indonesia's hospitality sector has undergone significant expansion, propelled by the surge in both domestic and international tourism. This growth has intensified competition among hotels, with the quality of human resources emerging as a crucial differentiator. As a result, leadership style has become a key determinant in shaping the work environment and influencing employee satisfaction. Despite the industry's progress, many hotels continue to face persistent challenges, including high employee turnover, low morale, and a work environment that fails to support employee well-being. While authoritarian leadership styles may exacerbate these issues, research has demonstrated that supportive and communicative leadership can enhance employee outcomes (Bass & Riggio, 2006). Despite the industry's rapid expansion, many hotels in Indonesia still struggle with significant employee management challenges. These include high turnover rates, low motivation, and a less-than-supportive work environment. One of the main factors contributing to these challenges is the leadership style practiced by direct supervisors, including department heads, supervisors, and general managers.

Authoritarian or uncommunicative leadership typically creates a stressful atmosphere, while leaders who listen, value employee contributions, and provide clear guidance have been shown to increase employee satisfaction and loyalty (Goleman, 2000). In contemporary organizations, employee satisfaction is a critical indicator of the effectiveness of human resource management practices. Leadership style plays a pivotal role in shaping job satisfaction, and its application by management is vital. Effective leadership can foster a harmonious work environment, boost motivation, and enhance employee productivity. In contrast, leadership that does not address employee needs can result in stress, dissatisfaction, and decreased job loyalty (Sinurat, 2017). Leadership style refers to the approach a leader adopts to guide, influence, motivate, and organize their team to achieve collective objectives. It encompasses how a

leader interacts with colleagues in the workplace, particularly in decision-making and the allocation of responsibilities and authority. Understanding leadership style is crucial because it enables leaders to adjust their approach to specific circumstances, thereby improving communication, team performance, and creating a more dynamic and productive work environment (Siswanto & Hamid, 2017). Leadership not only determines how decisions are made but also influences interpersonal relationships within the organization. Leadership styles that are communicative, open, and empowering tend to be more effective in promoting job satisfaction, whereas rigid or authoritarian approaches can diminish motivation and overall job satisfaction. This study aims to investigate the role of leadership style in enhancing employee job satisfaction. Specifically, it explores how leadership behavior and style can positively impact work comfort and enthusiasm within organizations. A leadership approach that fosters a supportive work environment, facilitates strong working relationships, and ensures effective communication between leaders and subordinates is key to creating a productive atmosphere. Leaders who provide clear direction, support, and trust are better positioned to cultivate a harmonious and engaged workforce.

Employee job satisfaction is a significant determinant of individual performance within an organization. Satisfied employees tend to demonstrate greater loyalty, high morale, and a willingness to contribute to the company's growth. Conversely, leadership styles that are rigid, unresponsive, or neglect employee welfare can lead to decreased morale and dissatisfaction, negatively impacting performance (Robbins & Judge, 2022). This research seeks to fill a gap in the existing literature by focusing on the Indonesian hospitality sector, where empirical data on turnover and employee satisfaction remains limited. The Indonesian Hotel and Restaurant Association (PHRI) reports that turnover rates in some hotel chains reach up to 30% annually, highlighting the need to understand the impact of leadership on employee satisfaction using both theoretical and empirical frameworks.

Drawing on transformational and participative leadership theories, this study aims to assess the degree to which leadership style contributes to a positive organizational climate. By identifying effective leadership behaviors, this research seeks to provide actionable insights for hotel management on how to retain and engage talent. Hypothesis (H1): Leadership style significantly and positively affects employee job satisfaction in the hospitality sector. The more effectively a leader communicates, makes fair decisions, and offers opportunities for employee development, the higher the level of employee satisfaction (Prayatna & Subudi, 2016; Sinurat, 2017; Subagia & Hidayat, 2020; Anton *et al.*, 2023). Alternatively, leadership style may not significantly impact employee job satisfaction, suggesting the influence of other factors outside leadership (Mathori, Ambara, & Kusumastuti, 2022; Yandra, 2021).

Research Methodology

This study adopts a quantitative research design, utilizing a structured questionnaire to gather data from 101 hotel employees across various regions of Indonesia. Respondents were selected through convenience sampling, focusing on individuals currently employed within the hospitality industry. A five-point Likert scale was used in the survey instrument to measure variables related to leadership style and employee satisfaction. The operationalization of key variables adhered to established frameworks in organizational behavior, specifically incorporating indicators of transformational and transactional leadership (Amin *et al.*, 2025). Data collection was carried out using Google Forms over a four-week period, achieving a high response rate of 92%. For data analysis, Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed. This technique was selected due to its ability to handle small sample sizes and its effectiveness in modeling latent constructs, which are central to the research objectives. PLS-SEM is particularly

well-suited for exploring complex relationships between variables in social science research.

Result and Discussion

Results

The demographic profile of the respondents revealed a diverse distribution of ages, with the majority of participants falling within the 30–34 age range. Data on educational background and job position further indicated a balanced mix of supervisory and non-supervisory roles within the sample. The reliability of the measurement instruments was verified through Cronbach's Alpha values exceeding 0.80 for both constructs, indicating strong internal consistency. Additionally, the Average Variance Extracted (AVE) values for the constructs surpassed the threshold of 0.60, confirming good convergent validity. The Heterotrait-Monotrait (HTMT) ratio between leadership style and employee satisfaction was found to be 0.899. While this is slightly above the generally accepted threshold of 0.85, it is still considered acceptable within social science research, where constructs are often interrelated.

Furthermore, the R-squared value of 0.591 indicates that leadership style explains 59.1% of the variance in employee satisfaction. The path coefficient of 0.769 ($p = 0.000$) strongly supports the hypothesis of a significant and positive relationship between leadership style and employee satisfaction. These findings are consistent with prior research emphasizing the crucial role of leadership in fostering a supportive work environment (Bass & Riggio, 2006; Goleman, 2000). Leaders who foster open communication, recognition, and developmental opportunities are more likely to enhance employee job satisfaction and organizational commitment. The results also support transformational leadership theory, which underscores the importance of vision, inspiration, and individualized consideration in improving employee engagement and satisfaction.

Table 1. Decriptive Analysis

Description	Category	Amount	Presentation
Age	19-24	20	19,8
	25-29	18	17,8
	30-34	28	27,7
	35-39	27	26,7
	>40	8	7,9
Total		101	99,9
Institution	Mercure Hotal	3	3
	Aryaduta Hotel	7	6,9
	The Darmawangsa Jakarta	8	7,9
	Four Seasons Hotel Jakarta	6	5,9
	Inter Continental Hotel	11	10,9
	Movenpick Hotel	13	12,9
	Hotel Mulia Senayan	17	16,8
	Swiss Bell in Hotel	19	18,8
	Novotel Hotel	10	9,9
	Other	7	6,9
Total		101	99,9

From the test results presented in Table 2, the Cronbach's Alpha values for the Employee Satisfaction and Leadership Style variables were 0.842 and 0.838, respectively. These values exceed the recommended minimum threshold of 0.70, indicating that the indicators for both variables exhibit strong internal consistency. Additionally, the Composite Reliability (ρ_a) values for both variables were identical at

0.850, further confirming the reliability of the measurement instrument. The Average Variance Extracted (AVE) values for Employee Satisfaction (0.613) and Leadership Style (0.608) are both well above the minimum acceptable threshold of 0.50, indicating satisfactory convergent validity for both constructs.

Table 2. Reliability and Validity Test

Variable	Cronbach's Alpha	Composite Reliability (ρ_a)	Average variance extracted (AVE)
Employee Satisfaction	0,842	0,850	0,613
Leadership Style	0,838	0,850	0,608

While the HTMT value of 0.899 slightly exceeds the commonly accepted threshold of 0.85, it still falls within an acceptable range for studies in the social sciences, particularly when constructs are conceptually related (Table 3) According to Henseler *et al.* (2015), an HTMT value below 0.90 is still considered acceptable for models with closely linked constructs. In this study, leadership style and employee

satisfaction are inherently interrelated, which can naturally result in higher HTMT values. Given the strong theoretical rationale and the results of other validity tests (Cronbach's Alpha, Composite Reliability, and AVE), the discriminant validity of the constructs remains supported.

Table 3. HTMT Result

Heterotrait-monotrait ratio (HTMT)	
Leadership Style <-> Employee Satisfaction	0,899

Table 4 presents the results of the R-squared analysis, which reveals an R-squared value of 0.591 and an adjusted R-squared value of 0.587. These findings indicate that Leadership Style accounts for 59.1% of the variability in Employee Satisfaction, while the remaining 40.9% is influenced by other factors.

Consequently, it can be concluded that leadership style has a significant influence on employee satisfaction. The results of this study underscore the critical role of leadership in fostering a work environment that enhances employee satisfaction.

Table 4. R Square Test

R Square	R Square Adjusted
0,591	0,587

Table 5 shows a positive and statistically significant relationship between leadership style and employee satisfaction. The original sample value of 0.769 indicates a strong association, with a standard deviation of 0.046 and a p-value of 0.000, confirming the statistical validity of this relationship. Based on these results, the

hypothesis positing that leadership style influences employee satisfaction is supported. These findings highlight the critical role of leadership style in shaping a work environment that enhances employee satisfaction.

Table 5. Hypothesis test

Hypotesis	Original Sample	Standard Deviation	P Value	Result
Leadership Style – Employee Satisfaction	0,769	0,046	0,000	Supported

The majority of the research findings suggest a positive trend, indicating that most employees perceive leadership as being effectively implemented, contributing to their overall job satisfaction. This suggests that the leadership style is well-executed, fostering an environment in which employees feel valued and comfortable. Maintaining and further enhancing leadership practices in the workplace is essential for ensuring continued satisfaction and a positive atmosphere for all employees.

Survey responses demonstrate that employees are satisfied with their work, primarily due to the implementation of a leadership style that fosters a supportive environment and fair treatment. The company’s commitment to creating a conducive work environment through fair treatment, opportunities for career development, positive relationships between employees and supervisors, and a clear organizational vision helps employees understand their goals within the company. Additionally, encouraging personal development and creativity, while rewarding successful task completion, further contributes to job satisfaction and organizational

commitment (Sinurat & Elperida, 2017; Hikmah & Nur, 2020; Tarminah *et al.*, 2024).

Discussion

The findings of this study provide clear evidence of the significant positive impact of leadership style on employee satisfaction in the hospitality industry. The results show that leadership style accounts for 59.1% of the variance in employee satisfaction, which aligns with prior research highlighting the importance of leadership in shaping work environments and influencing employee morale (Bass & Riggio, 2006; Goleman, 2000). The path coefficient of 0.769 with a p-value of 0.000 further substantiates this relationship, demonstrating that effective communication, recognition, and employee development are critical factors in fostering job satisfaction. Leaders who engage in participative and transformational practices such as providing clear direction, emotional support, and opportunities for professional growth tend to create a positive work environment that enhances employee satisfaction and loyalty. The leadership style adopted by supervisors is crucial in shaping the overall work atmosphere.

Leaders who are supportive, communicative, and empowering tend to foster a conducive environment where employees feel valued, heard, and motivated. This aligns with transformational leadership theory, which emphasizes the importance of leaders who inspire and empower their subordinates to reach their full potential (Bass & Riggio, 2006). In contrast, authoritarian or unresponsive leadership styles can lead to a hostile and stressful work environment, negatively affecting employee satisfaction and performance, as shown in previous studies (Goleman, 2000; Sinurat, 2017). From a practical standpoint, hotel management should prioritize adopting leadership styles that promote open communication, transparency, and active participation. By cultivating an environment where employees feel respected and their input is valued, hotels can improve job satisfaction and retention. The study also emphasizes the need for leadership development programs focusing on emotional intelligence, communication skills, and employee empowerment.

Leaders trained in these areas are more likely to motivate employees, leading to higher satisfaction and long-term retention. Furthermore, integrating transformational and participative leadership principles into HR strategies will enhance job satisfaction and strengthen organizational commitment, which is essential for maintaining a competitive edge in the hospitality industry. While this study provides valuable insights, it does have limitations. The use of convenience sampling may introduce bias, and future research could benefit from employing random sampling to enhance the generalizability of the findings. Additionally, the study's focus on the hospitality industry in Indonesia may limit the applicability of the results to other sectors or regions. Comparative studies across multiple industries or countries would provide a broader understanding of how leadership style affects employee satisfaction globally. Finally, while the study primarily relied on quantitative data, incorporating qualitative methods, such as interviews or focus groups, would offer deeper insights into how leadership styles influence employee perceptions and satisfaction.

Conclusion

Employee job satisfaction has become a crucial indicator for assessing the effectiveness of human resource management practices in today's industries. A significant factor influencing job satisfaction is the leadership style adopted by supervisors. When leadership is positive, it creates a conducive work environment that motivates employees, fosters enthusiasm, and encourages collective achievement of goals. The findings of this study, based on questionnaire responses distributed via Google Forms, indicate that leadership in the hospitality industry is perceived positively by employees, with no reports of ineffective leadership styles. This suggests that a good leadership approach has a substantial impact on employee performance. The study reinforces the importance of transformational and participative leadership theories, which emphasize the value of strong interpersonal relationships and emotional support between leaders and employees. It contributes significantly to the literature on human resource management by confirming that leadership style plays a pivotal role in shaping employee satisfaction within the hospitality industry. Effective leadership not only improves employees' psychological well-being but also fosters a positive organizational climate. Theoretical implications from this study support the adoption of transformational and participative leadership models, while practical implications highlight the necessity for structured leadership development programs within the hospitality sector. However, the study's limitations include the use of convenience sampling and its exclusive focus on the hospitality industry. Future research could explore additional variables such as organizational culture, communication styles, and emotional intelligence, which may further elucidate the dynamics of leadership and employee satisfaction. A mixed-method or qualitative approach could also provide deeper insights into how different leadership styles influence employee perceptions and job satisfaction.

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