

## **The Role of Transformational Leadership and Leader-Member Exchange on Millennial Generation Job Satisfaction**

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### **ABSTRACT**

The purpose of this study was to examine the relationship between transformational leadership style and leader member exchange in job satisfaction of millennial employees. Achieving employee job satisfaction is very important to maintain productive and efficient employees. Moreover, the millennial generation has its own characteristics and is different from other generations. Therefore, one way that may be effective in assisting leaders in increasing satisfaction among their employees is to use the right leadership style as well as leader member exchange to improve the relationship between the two parties. his followers. Transformational leaders display behaviors that are likely to be imitated by employees. Transformational leaders act in ways that inspire and stimulate those who care about them by providing challenges and lessons for employees. Leaders need to pay different attention to each employee's individual needs in order to thrive. Leader member exchange or the relationship between leaders and employees is also one way to increase employee job satisfaction. Leaders and employees who have mutual trust and care about their surroundings are very likely to support the performance around them. Therefore, this paper aims to identify aspects that affect job satisfaction caused by transformational leadership and leader member exchange. So that we can find out what role transformational leadership and leader member exchange play in supporting millennial generation job satisfaction.

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## **INTRODUCTION**

Human resources are one of the company's assets which are the main source in the company to carry out its functions. Companies must be able to manage and maintain their human resources optimally in order to achieve company success. Managing and maintaining human resources can be done by considering job satisfaction on human resources themselves. Job satisfaction is positive or negative attitudes and feelings towards all aspects of work, in simple terms job satisfaction is how far people like their work (Bhat & Beri, 2016).

A worker who feels satisfied or dissatisfied with his job can be shown through his behavior. If someone is satisfied with their job they will be more creative, more productive, less interpersonal conflict, and more available to help fellow coworkers (Judge, et al., 2020). Meanwhile, a person who

is dissatisfied with his job shows negative behavior such as absent from work and leaving the company (Judge, et al., 2020). It can even exhibit aggressive behavior such as strikes, sabotage and theft in the workplace.

Currently, human resources are almost fulfilled by workers who are included in the millennial generation group or generation Y, which is the generation born in 1980 to 2000 (Costanza, et al., 2012). The millennial generation is the most productive age so that in the next 10 years the millennial generation will continue to be the foundation to contribute to the Indonesian economy. However, based on some facts, this generation has a lower level of satisfaction than the older generation (Costanza, et al., 2012).

The millennial generation has certain characteristics because they were born and grew up with rapid technological advances. The millennial generation has work-related values that are believed and considered important in the workplace, namely status, freedom, wages, social networks and leisure time (Garcia, et al., 2018). The millennial generation is also the cornerstone of the Indonesian economy as well as being the most abundant human resource at this time, so companies need to manage their millennial workforce well and optimally, so that success can be achieved. Managing the millennial generation workforce can be done by paying attention to job satisfaction (Bhat & Beri, 2016).

The level of employee job satisfaction can be influenced by the leadership style shown by their leaders or supervisors (Mickson & Anlesinya, 2019). An effective leader always inspires followers to ensure that goals are expected to promote overall success and effectiveness. One of the leadership styles that can affect employee job satisfaction is transformational leadership (Long, et al., 2014). Transformational leadership is a leadership style that identifies the changes needed, and sets up a mission that makes change for a company (Boamah, et al., 2018).

In addition to leadership style factors, job satisfaction can also be influenced by leader member exchange (Liang & Yeh, 2019). Leader-Member Exchange is a working relationship between superiors and subordinates that is unique and can vary from one employee to another (Ali, et al., 2018). The quality of this working relationship is one of the factors that can affect the level of organizational success. A good working relationship between leaders and subordinates is one of the important factors that determine the success of the company in achieving its goals (Sheer, 2015).

Based on the entire explanation above, this study was conducted to examine the role of transformational leadership and leader member exchange on millennial generation job satisfaction.

## **LITERATURE REVIEW**

Currently, most employees and workers are the millennial generation (Costanza, et al., 2012). The millennial generation is a generation that was born together with the rapid development of technology giving birth to different characteristics compared to other generations. The characteristics of the millennial generation can be described through the values, personality traits and needs they have (Garcia, et al., 2018). The millennial generation has values that are believed to be guidelines for action. However, in these values, we will focus on the values that are important for millennials in the workplace. The following are the values in the workplace that are believed by the millennial generation, namely, material things such as wages, status, promotions and benefits (Garcia, et al., 2018). In addition, the millennial generation also considers free time more important outside of work than other generations. Overall, the millennial generation is more concerned with material things at work. In addition, the characteristics of the millennial generation are explained through their needs, namely feedback from superiors. The level of job satisfaction of the millennial generation is also different from the previous generation. The previous generation was more easily satisfied with their work than the millennial generation.

Job satisfaction basically depends on what someone wants from their job and what they get. The most dissatisfied people are those who want the most, but get the least, while the most satisfied are those who want a lot and get it. Job satisfaction is a set of pleasant or unpleasant feelings and emotions that are seen by employees to review their work (Bhat & Beri, 2016). Job satisfaction is also one of the most studied attitudes in industrial and organizational psychology (Judge, et al., 2020). Academics and practitioners alike have recognized the value of job satisfaction, given the usefulness of job satisfaction in predicting outcome effectiveness. The emotional orientation that employees have towards their role at work is also job satisfaction (Bhat & Beri, 2016). In addition, job satisfaction is also an important component to motivate employees and can lead to better performance (Judge, et al., 2020). Job satisfaction can be influenced by several things. In this study, we will discuss transformational leadership and leader member exchange and their effect on job satisfaction for the millennial generation who are considered more difficult to be satisfied than the previous generation.

The transformational leadership style is considered an important leadership style for managers of modern organizations. According to (Boamah, et al., 2018), transformational leadership occurs when leaders expand awareness, acceptance of group goals and missions, and when they move beyond their own self-interest for the good of the group. In view (Hanaysha, et al., 2012), transformational leadership is a procedure for changing and transforming individuals, teams, and organizations. The transformational leadership style is characterized by four main behaviors (Long, et al., 2014). The behaviors of transformational leaders are:

1. Ideal influence

This behavior evokes strong emotions from employees and identification with the emulation, the leader, the latter acting as a strong role model. In addition, employees display very high moral standards and behave ethically, so they are counted on to do the right thing.

2. Individual considerations

Individual consideration includes providing support, encouragement, coaching, delegation, advice and rewards used in developing the employee's personality.

3. Intellectual stimulation

Intellectual stimulation can increase awareness of problems and influence employees to see problems from another perspective. Therefore, employees are encouraged to be creative, innovative, challenge their own development, and enhance the company's values. Furthermore, they are encouraged to take intellectual risks and question assumptions and make suggestions.

4. Inspirational motivation

Inspirational motivation includes developing and communicating a compelling vision, using symbols and images to focus employees' efforts on appropriate behavior.

Seeing the types of behavior above, transformational leaders are able to change people from employees, as well as influence them to go beyond personal interests for the sake of more important corporate interests. Later in (Mickson & Anlesinya, 2019) identified five dimensions of transformational leadership: vision, inspirational communication, supportive leadership, intellectual stimulation and personal recognition. Thus, the fifth dimension of transformational leadership is vision. Vision is a charismatic expression of something positive direction for the future through inspirational communication and building confidence (Mickson & Anlesinya, 2019).

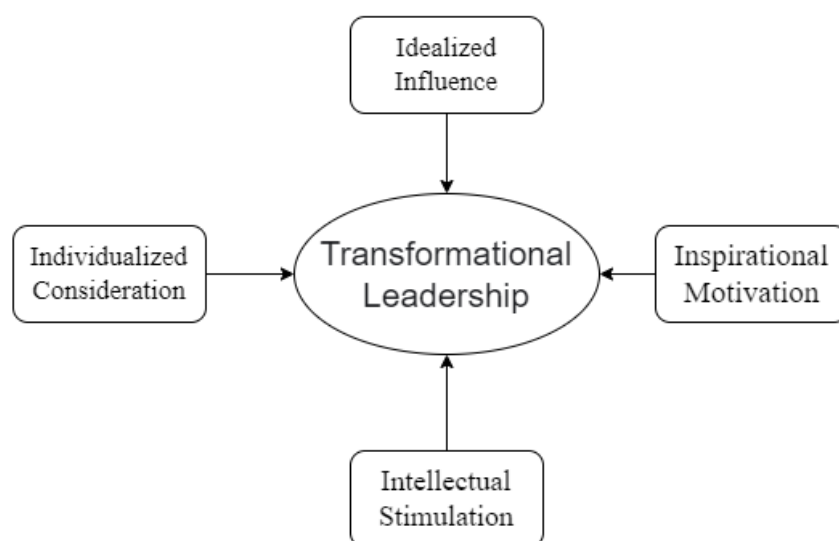


Figure 1. Transformational leadership.

Transformational leaders have a positive future and through inspiring motivation communicate the vision to followers (Hanaysha, et al., 2012). Inspiration refers to the degree to which a leader attracts employee enthusiasm in the company's work and says things to build employee confidence in their ability to perform tasks successfully and achieve company goals (Mickson & Anlesinya, 2019). If intellectually stimulated leaders give meaning to their organizations and companies and employees can follow them, company development can take place. Leaders also show individual consideration by acknowledging the feelings and emotions of employees and the needs of employees in order to grow and develop themselves (Belias & Koustelios, 2014).

Transformational leaders make employees become active thinkers in organizations and companies (Belias & Koustelios, 2014). As a result, employees become more engaged, committed, strong and perform well in the organization. In addition, transformational leaders have charismatics who motivate followers and appeal to their moral ideals and values by creating and representing inspiring visions of the future (Mickson & Anlesinya, 2019).

While the leader member exchange is a unique social exchange relationship between leaders and employees. In (Liang & Yeh, 2019) it is explained that leaders carry out different interactions with all members of their employees. Leader member exchange is a two-way relationship between leaders and their employees and subordinates. The process of this relationship occurs naturally as the leader's effort to delegate and assign the work roles of his subordinates. This process produces two types of relationships, namely in-group exchange and out-group exchange (Ali, et al., 2018). In-group exchange can be reflected by the existence of reciprocal relationships, mutual trust, and mutual respect. Meanwhile, out-group exchange is characterized by the failure of leaders to create mutual trust and respect (Ali, et al., 2018).

Employees in the in-group category tend to function as assistants or advisors, and have high-quality interactions with leaders. Meanwhile, out-groups tend to emphasize more formal work requirements with a relatively low level of reciprocal influence. Leaders usually give some privileges to employees who provide interesting tasks, delegate important responsibilities, provide information, participate in decision making, and other benefits. According to (Sheer, 2015) the leader-member exchange consists of 3 dimensions, namely:

1. Respect, the leader's relationship with subordinates is formed from mutual respect between the two parties.

2. Trust, a good relationship is formed by mutual trust between leaders and employees.
3. Obligation, a sense of obligation to interact will encourage the growth of good relationships between leaders and subordinates and develop into a partnership.

Leader member exchange can affect the overall structure and success of a company or organization (Ali, et al., 2018). Likewise, the transformational leadership style can also affect job satisfaction (Boamah, et al., 2018). Especially considering that the millennial generation has unique and different characteristics from generations before and after it, of course, leadership style and relationships with leaders greatly affect the performance of these employees. An employee who receives quality support, inspiration and coaching from the leadership, is likely to experience work as more challenging, more involved and more satisfying (Long, et al., 2014). In addition, if the employee also has a good relationship with the leader and has a sense of mutual trust, it can be ascertained that the employee has a sense of comfort at work and job satisfaction (Mickson & Anlesinya, 2019). Therefore, the power of transformational leaders and leader member exchanges may develop satisfaction and improve employee performance, thus making the company more effective and efficient in achieving its goals.

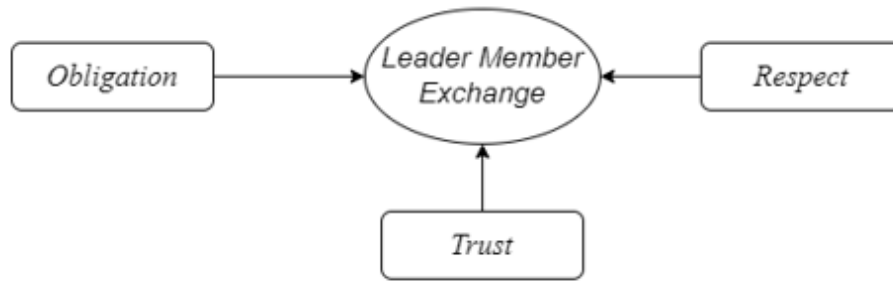


Figure 2. Leader-Member exchange.

Empirically, the role of transformational leadership and leader-member exchange on millennial generation job satisfaction has been reviewed by several previous researchers. As in (Liang & Yeh, 2019) and (Puni, et al., 2018), transformational leadership and leader-member exchange have a significant effect on millennial job satisfaction. This finding shows the effect of transformational leadership and leader member exchange on millennial generation job satisfaction, and also shows the relationship of these two variables to the millennial generation's job satisfaction level. Similar results were found by (Boamah, et al., 2018), that transformational leadership has a significant effect on employee job satisfaction.

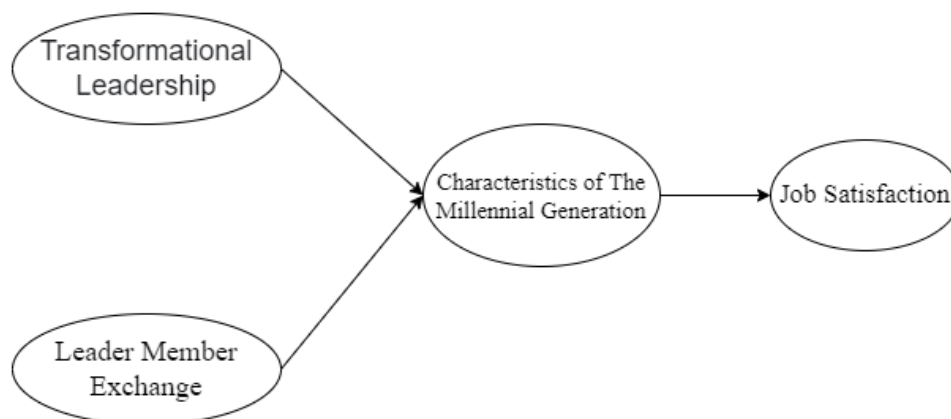


Figure 3. The Relationship Between Transformational Leadership and Leader-Member Exchange with Millennial Generation Job Satisfaction.

Furthermore, (Ali, et al., 2018) also proves that the leader member exchange has a significant effect on increasing employee job satisfaction. In (Belias & Koustelios, 2014) proves that transformational leadership has a positive effect on job satisfaction, but the significant level of each person and generation is different in job satisfaction. However, (Garcia, et al., 2018) found that transformational leadership and leader member exchange are not the best solution to increase job satisfaction of millennial generation employees. In addition, (Long, et al., 2014) found that only one of the four characteristics of transformational leaders has a significant effect on employee job satisfaction.

## **METHODS**

This research is a type of descriptive research using a qualitative approach. Descriptive research is a research method that shows the characteristics of the population or phenomenon being studied. Until finally this research method mainly focused on explaining the object of research and answering what events or phenomena occurred. This method is different from other methods, that focus more on the discussion. Descriptive research aims to provide a detailed description of the research focus (Muri, 2016). A qualitative approach is a research approach that does not use statistical procedures in data analysis, but prioritizes data interpretation in the form of descriptions (Anggito & Setiawan, 2018).

This research data is in the form of secondary data, namely in the form of journals that have relevance to the topic under study, namely regarding the role of transformational leadership and leader member exchange on millennial generation job satisfaction. Data were collected using research literature and analyzed using qualitative analysis techniques in three stages, namely: data reduction, data presentation and closing (Creswell, 2014).

## **CONCLUSION**

The conclusion that can be drawn from this research is that most of the previous studies have proven the significant influence of transformational leadership and leader member exchange on millennial generation job satisfaction. If the job satisfaction factors of the millennial generation are met, then they will develop and maintain a high level of performance. However, previous research also shows that transformational leadership and leader member exchange do not have much effect on millennial generation job satisfaction. Inconsistencies in previous studies indicate that further research is needed on the role of transformational leadership and leader member exchange on millennial generation job satisfaction.

Further research can use primary data obtained from questionnaire results, so that it can be tested using statistical procedures to better understand the role of transformational leadership and leader-member exchange on millennial generation job satisfaction. The questionnaire can be carried out on the millennial generation who have become employees and experience job satisfaction. The data processing results from the data obtained can be interpreted in full and in detail so the reader can more easily understand.

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