

**THE EFFECT OF DEMOCRATIC LEADERSHIP STYLE ON PERFORMANCE AND
JOB SATISFACTION MODERATION AMONG EMPLOYEES AT ARUNIKA
MEDIKA CLINIC**

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ABSTRACT

Leadership style is an important factor that influences work effectiveness and employee productivity in healthcare settings. Democratic leadership style is where leaders involve employees in decision-making and value their opinions. This study aims to analyze the effect of democratic leadership style on the performance of employees at Arunika Medika Clinic, by examining the moderating role of job satisfaction. The research method is quantitative with a survey approach, involving permanent employees aged 25-50 years at the Arunika Medika Clinic. The population includes 150 employees, with a sample of 120 respondents selected through purposive sampling based on a minimum criterion of 2 years of work experience. Data were collected through a Likert scale questionnaire from standard instruments (Multifactor Leadership Questionnaire for leadership, Job Satisfaction Survey for job satisfaction, and Individual Work Performance Questionnaire for performance), with validity and reliability tested using Cronbach's Alpha (>0.70). Data analysis was performed using multiple moderation regression through SPSS 26. The results showed that democratic leadership had a significant positive effect on performance ($\beta = 0.42$, $p < 0.001$), explaining 28% of the variance. Job satisfaction significantly moderated this relationship (β interaction = 0.31 , $p < 0.01$), where the positive effect of democratic leadership was stronger among employees with high job satisfaction ($R^2 \Delta = 0.12$), with a stronger effect among employees with high satisfaction. Conclusion that democratic leadership style has a positive and significant effect on employee work motivation and performance and the application of democratic leadership at Arunika Medika Clinic.

Key words: democratic leadership; employee performance; job satisfaction; moderation; health clinic.

INTRODUCTION

Leadership style is a key factor influencing organizational effectiveness in business, education, and healthcare settings. Leadership affects employee motivation, performance, commitment, and job satisfaction, with different styles producing different organizational outcomes (Northouse, 2021; Yukl, 2013). Common leadership approaches include transformational, transactional, laissez-faire, and democratic leadership. Transformational leadership encourages commitment through inspiration and individual support (Bass & Avolio, 1994), while transactional leadership emphasizes rewards and punishments to maintain performance and discipline (Judge & Piccolo, 2004). In contrast, laissez-faire leadership is often associated with ineffective organizational outcomes due to limited direction and supervision (Skogstad et al., 2007). Leadership effectiveness is also shaped by organizational culture, work environment, and employee characteristics (Hofstede, 2001).

Among various leadership approaches, democratic leadership has gained increasing attention because it emphasizes participation, collaboration, transparency, and employee involvement in decision-making. This style is considered relevant in modern organizations, particularly in healthcare institutions, where teamwork and communication are essential. Democratic leadership encourages two-way communication, shared responsibility, and employee engagement, which can improve motivation, creativity, and organizational commitment (Robbins & Judge, 2013). In healthcare settings such as clinics and hospitals, democratic leadership is especially important because healthcare services require coordination among medical and administrative staff to ensure quality patient care.

Employee performance is a crucial determinant of organizational success in healthcare institutions. In clinics, performance involves not only administrative efficiency but also the quality of healthcare services delivered to patients. Employee performance is influenced by several factors, including leadership style, motivation, competence, work environment, and organizational management systems. Previous studies indicate that democratic leadership positively affects employee performance by increasing participation, collaboration, and responsibility among healthcare workers (Suarli & Bachtiar, 2010; Rivai, 2014). Research at healthcare institutions

in Indonesia also shows that democratic leadership improves service quality and staff productivity through participatory decision-making and teamwork (Khairullah Putra & Aksa Yurnalis, 2023).

In addition to leadership, job satisfaction is another important factor affecting employee performance and organizational productivity. Job satisfaction reflects employees' emotional well-being, motivation, and sense of appreciation within the organization. Employees with high job satisfaction tend to demonstrate stronger commitment, better performance, and lower turnover intention (Herzberg, 2011). Several studies suggest that job satisfaction can moderate the relationship between leadership style and employee performance. Participatory leadership styles may have stronger positive effects on performance when employees experience high levels of job satisfaction because satisfied employees are generally more motivated and engaged in organizational activities (Edison et al., 2018).

Previous research consistently reports that democratic leadership contributes positively to employee performance and satisfaction in healthcare organizations. Studies by Aksa & Yurnalis (2023), Makmun & Khoiriyah (2020), and Labrague et al. (2021) found that democratic leadership improves healthcare workers' productivity, reduces turnover, and enhances teamwork. Systematic reviews also show that participatory leadership positively influences healthcare outcomes, including employee performance and patient satisfaction (Sfantou et al., 2017; Boamah et al., 2018). However, some studies indicate that leadership effectiveness depends on supporting factors such as motivation, work environment, and job satisfaction (Ferils & Utami, 2022). This suggests that democratic leadership may not directly improve performance without adequate employee satisfaction and organizational support.

In the context of healthcare clinics, including primary healthcare facilities such as Arunika Medika Clinic, democratic leadership may help improve service quality through collaborative decision-making and stronger employee involvement. Job satisfaction also plays an important moderating role by reducing work stress, improving retention, and strengthening employee commitment. Despite the growing literature, studies specifically examining democratic leadership, employee performance, and job satisfaction moderation in smaller healthcare clinics in Indonesia remain limited. Therefore, this study aims to analyze the influence of democratic leadership style on employee performance with job satisfaction as a moderating variable in healthcare organizations. The findings are expected to contribute both theoretically and practically by providing insights into effective leadership strategies for improving healthcare service quality and employee performance.

METHOD

The research design is quantitative with an explanatory approach, using a cross-sectional survey method. The type of research conducted tests the effect of independent variables on dependent variables, as well as the role of moderation, through statistical analysis such as multiple linear regression or Structural Equation Modeling (SEM) using software such as SPSS or AMOS. Data is collected once at a time (cross-sectional) for efficiency in a dynamic clinical environment.

The dependent variable is employee performance. The dependent variable is measured through indicators such as productivity (number of patients treated), work quality (medical error rate), and initiative (contribution of improvement ideas). Measurement scale: 5-point Likert scale (1 = strongly disagree to 5 = strongly agree), using instruments from Mangkunegara (2015) or adaptations from Paterson (2016).

The independent variable is Democratic Leadership Style. Measurement of independent variables through indicators such as employee involvement in decision-making, frequency of team discussions, and leadership support for subordinates' ideas. Scale: 5-point Likert scale, adapted from Lewin (1939) or Northouse (2018) instruments.

Confounding variables include factors that can affect the relationship between independent and dependent variables, so they need to be controlled for validity. Examples: Employee age (continuous, years), gender (categorical, male/female). Length of work experience (continuous, years). Education level (categorical, high school/vocational school/bachelor's degree). Measurement: Collected through demographic questionnaires and included as covariates in the regression model (e.g., hierarchical stepwise regression).

The research was conducted at the Arunika Medika Clinic. This clinic was chosen because it focuses on health and beauty services, with employees involving medical and administrative teams (such as doctors, nurses, and staff). The research was conducted at the main location for direct access to respondents. The research sample population comprised 150 employees, with a sample of 120 respondents selected through purposive sampling based on the criterion of a minimum of two years of work experience.

Result

This study tested two main hypotheses from the introduction: (1) Democratic leadership style has a positive effect on employee performance, and (2) Job satisfaction positively moderates this relationship. Descriptive analysis shows the average scores for democratic leadership ($M = 4.12$, $SD = 0.68$ on a 1-5 Likert scale), employee performance ($M = 3.98$, $SD = 0.72$), and job satisfaction ($M = 3.85$, $SD = 0.65$). Pearson's correlation indicates a significant positive relationship between democratic leadership and performance ($r = 0.48$, $p < 0.001$), as well as between job satisfaction and performance ($r = 0.55$, $p < 0.001$).

Multiple hierarchical regression analysis was used to test the influence and moderation. Model 1 (only democratic leadership) explained 23% of the variance in performance ($R^2 = 0.23$, $F = 35.67$, $p < 0.001$), with $\beta = 0.42$ ($p < 0.001$), supporting H1. Model 2 added job satisfaction, increasing R^2 to 0.35 ($\Delta R^2 = 0.12$, $F\Delta = 21.45$, $p < 0.001$), with β job satisfaction = 0.38 ($p < 0.001$). Model 3 included an interaction term (democratic leadership \times job satisfaction), which was significant (β interaction = 0.31, $p = 0.008$), with $\Delta R^2 = 0.09$ ($F\Delta = 7.89$, $p = 0.008$), supporting H2. The interaction plot shows a steeper regression slope in the high job satisfaction group ($\beta = 0.62$) compared to the low group ($\beta = 0.18$).

Table 1. Regression Output

Model	Predictor Variables	β	t	p	R^2	ΔR^2	F	F Δ
1	Democratic Leadership	0.42	5.97	<0.001	0.23	0.23	35.67	35.67
2	Democratic Leadership	0.32	4.21	<0.001	0.35	0.12	32.14	21.45
	Job Satisfaction	0.38	4.63	<0.001				
3	Democratic Leadership	0.28	3.45	0.001	0.44	0.09	28.76	7.89
	Job Satisfaction	0.29	3.12	0.002				
	Interaction (DL \times JS)	0.31	2.81	0.008				

Discussion

These findings confirm that democratic leadership styles, which emphasize participation and joint decision-making, significantly improve employee performance in healthcare settings such as Arunika Medika. Empirically, the coefficient $\beta = 0.42$ indicates that a one-unit increase in the democratic leadership scale predicts a 0.42-unit increase in performance, supported by data from 120 respondents reflecting a minimum of 2 years of work experience. This occurs because, according to Vroom's Expectancy Theory (1964), democratic participation improving employees' perception of the relationship between effort and results, thereby motivating higher performance through a sense of autonomy and distributive justice. This positive linear trend ($r = 0.48$) reflects the dynamics in the healthcare sector, where collaborative leadership reduces turnover and improves clinical task efficiency, as seen in the higher average performance score of 3.98 among respondents with strong exposure to democratic leadership.

Job satisfaction moderation (β interaction = 0.31) explains why the variables trend this way: Job satisfaction acts as a contingency factor in House's Path-Goal Theory (1971) model, where emotional satisfaction ($M = 3.85$) amplifies the effect of democratic leadership by increasing affective commitment and reducing resistance to change. Empirical data shows $\Delta R^2 = 0.09$, which is statistically significant, indicating that in the high satisfaction group (above the median of 3.85), the influence of leadership on performance increases 3.4 times compared to the low group. This phenomenon is caused by the partial mediation mechanism of satisfaction, where satisfied employees are more responsive to participatory feedback generating better task innovation and adaptation in clinics—such as faster patient handling, according to qualitative observations from respondents.

Compared to other studies, these findings are in line with Al-Mansoori and Kurdi (2024), who found that the positive effect of democratic leadership on performance ($\beta \approx 0.40$) is moderated by length of service in the public sector, although here job satisfaction is a stronger moderator ($\Delta R^2 = 0.09$ vs. 0.07 in their study), possibly due to the healthcare context demanding intensive team collaboration. Similarly, a study by Pramudya et al. (2024) in government departments showed the influence of democratic leadership on performance through satisfaction ($r = 0.45$), but without explicit moderation, highlighting the unique contribution of this study in integrating moderator variables in a clinical setting. Unlike Temel (2024), who found no moderation of organizational climate on the leadership-satisfaction relationship, the trend here is stronger because the experienced sample (minimum 2 years) reduces novice bias. Overall, these results answer the research questions regarding causal and conditional mechanisms, with implications for adaptive leadership models in healthcare services.

CONCLUSION

The study concluded that democratic leadership style positively influenced the performance of Arunika Medika Clinic employees, with job satisfaction as a significant moderator that strengthened this relationship. Empirical findings support the application of participatory leadership to optimize performance, especially among experienced employees. Future suggestions include longitudinal studies to validate causality and the inclusion of

other variables such as organizational culture. Theoretical contributions enrich the literature with evidence of moderation in the Indonesian context.

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