

Work Engagement as a Mediator of Transformational Leadership on Employee Performance

Fitri Rezeki ¹⁾, Yuan Badrianto ²⁾, Tri Ngudi Wijayanto³⁾, Yunita Ramadhani

RDS ⁴

Fakultas ekonomi dan Bisnis, Universitas Pelita Bangsa

fitri_rezeki@pelitabangsa.ac.id

Informasi Artikel	ABSTAK/ABSTRACT
<p>Sejarah Artikel:</p> <p>Diterima: 2 Juni 2025 Direvisi: 17 Juni 2025 Diterbitkan: 25 Juni 2025</p> <hr/> <p>Keywords:</p> <p>Strategi Promosi, <i>Brand Awareness</i>, Gayain Nusantara</p>	<p><i>This study explores the relationship between transformational leadership style and employee performance, incorporating the mediating variable of work engagement. The intense competition in the industry requires companies to have solid business strategies and quality human resources (HR) to enhance employee performance. HR, being the core of company operations, requires continuous development through training to achieve the desired performance. Previous research indicates that employee performance can be influenced by various factors, including leadership style, compensation, motivation, and job satisfaction. Specifically, the transformational leadership style is considered to enhance performance by inspiring employees through a clear vision and proactive support. However, previous research has shown mixed results, with some studies finding significant positive effects, while others find no significant impact. Additionally, this study integrates work engagement as a mediating variable, which is a positive state of employees</i></p>

who are fully engaged and enthusiastic about their work. Past research shows that work engagement has a significant influence on performance improvement. In an effort to fill the gaps from previous research, this study aims to delve deeper into how transformational leadership style affects employee performance, considering the role of work engagement. It is crucial to verify whether integrating these factors can effectively enhance performance in a competitive context, as well as provide insights for future HR development strategy improvements.

PENDAHULUAN

Competition in the industrial world today is extremely fierce, where each company strives to be the best and lead the market. In the face of this business competition, a company is required to have a good and strong business strategy to compete with other business competitors. Besides needing a strong business strategy, a company also requires resources that can assist in its operational activities.

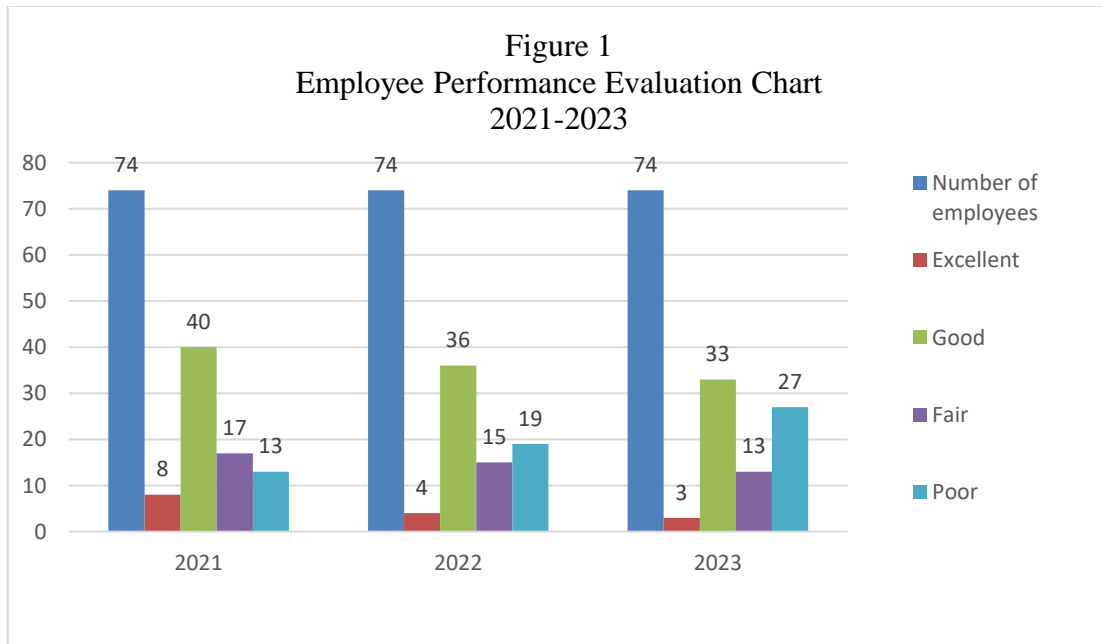
Human Resources (HR) are a crucial asset for a company, as they drive every activity within the company. In dealing with increasingly stiff competition in the business world, quality human resources become a source of strength for a company to survive and remain competitive. A company needs to develop and train its employees so that their performance meets the company's expectations (Umam & Atho'illah, 2021).

CV Mustika Jaya Furniture is a company that processes raw or semi-finished materials from wood, rattan, and other raw materials, where the output is furniture. This company faces several issues in its operational activities. These problems are caused by various factors, including the performance of employees who have not yet operated professionally, from management to staff and workers, resulting in failure to meet the set production targets.

For the company to achieve its goals, it requires an effective management system to support the operational activities of the company and continuously monitor the effectiveness of employee work. Employees are an important resource in the company and are often referred to as the spearhead of achieving company goals. Therefore, the company needs employees who perform well to achieve its business objectives. A key element in enhancing employee performance is a leader who can influence subordinates and actively involve them in achieving these goals through appropriate leadership styles. The relationship between employees and supervisors is expected to produce a harmonious situation, thereby facilitating good cooperation to achieve company objectives (Prayudi, 2020).

Employee performance is a measure for the company, as the performance produced by employees will become the goods or services sold by the company in the market. The meaning of performance itself is the quality and quantity of work achieved by an employee in carrying out their duties according to the responsibilities assigned to them (Prayudi, 2020). Another view states that performance is a result achieved by someone in carrying out the tasks assigned to them based on their skills, experience, and sincerity as well as time (Muis et al., 2018).

In addition to the production output generated by its employees, a company can also conduct work assessments to determine the level of employee performance. Employee performance assessment is a process conducted by the company to evaluate or assess the success of employees in performing their duties. Assessment can be done by comparing the work results achieved by employees with work standards (Utama et al., 2019).



The modern industrial landscape is highly competitive, requiring companies to adopt strong business strategies and leverage quality resources, particularly human resources, to maintain their market position. Employees play a crucial role in operational success, and their performance significantly impacts a company's ability to achieve its goals. CV Mustika Jaya Furniture, a company specializing in furniture production, faces challenges in employee performance, which affects its production targets. To address these challenges, an effective management system and leadership approach are essential in guiding employees toward better performance and overall company success.

Employee performance is a key measure of a company's productivity, as it directly influences the quality of goods and services. Performance evaluation helps assess employees' success in fulfilling their duties, often by comparing their work outcomes with set standards. Recent evaluations at CV Mustika Jaya Furniture indicate a decline in employee performance, necessitating initiatives to enhance productivity. Leadership plays a crucial role in shaping employee performance, as effective leaders can influence, motivate, and direct employees toward achieving company objectives. Among various leadership styles, transformational leadership stands out for its ability to inspire employees through vision, enthusiasm, and motivation.

Research on transformational leadership and its impact on performance has yielded mixed results. Some studies indicate a positive correlation, showing that transformational leadership significantly enhances employee performance, particularly when factors like motivation and career development are considered. However, other research suggests that its impact varies depending on additional variables such as work discipline and organizational conditions. These discrepancies highlight the need for further research to understand the specific factors that mediate the relationship between leadership and employee performance.

One crucial mediating factor is work engagement, which reflects an employee's dedication, enthusiasm, and focus at work. Engaged employees contribute positively to the organization and exhibit higher productivity. Studies have shown a significant relationship between work engagement and employee performance, further emphasizing its importance in organizational success. Given these insights, exploring transformational leadership in conjunction with work engagement and job training can provide a comprehensive understanding of how to improve employee performance at CV Mustika Jaya Furniture

KAJIAN PUSTAKA

Employee Performance

Employee performance is crucial for achieving organizational goals, reflecting task completion based on set standards. It is influenced by factors such as abilities, motivation, work culture, leadership, and discipline. Performance indicators include work quality and quantity, initiative, job knowledge, and adherence to company structure. Performance evaluation based on these indicators helps improve efficiency and productivity.

Transformational Leadership

Effective leadership is essential for aligning individual and organizational goals. Transformational leadership fosters commitment by motivating employees and instilling organizational values, leading to increased productivity, loyalty, and job satisfaction. This leadership style encourages employees to exceed their current capabilities and achieve higher performance levels.

Work Engagement

Work engagement describes the positive relationship between employees and the organization, characterized by commitment, enthusiasm, and pride in company values. Highly engaged employees are motivated and dedicated to achieving organizational objectives, emphasizing the importance of aligning employee motivation with company goals for a productive workforce.

METODE

In this study, explanatory research employing a causal approach is utilized to explore the relationships between variables within a structural model, specifically examining how the dependent variable is affected by independent variables. This quantitative research begins by clearly defining the research hypothesis conceptually with distinct variables. Following this, data is gathered, calculations are made, and data is processed systematically using standardized methods.

This research involves three variables: one independent variable, one mediating variable, and one dependent variable. Power distance is identified as the first independent variable, work engagement as the second, and employee performance as the dependent variable. The model used in this research outlines how the independent variables influence the dependent variable

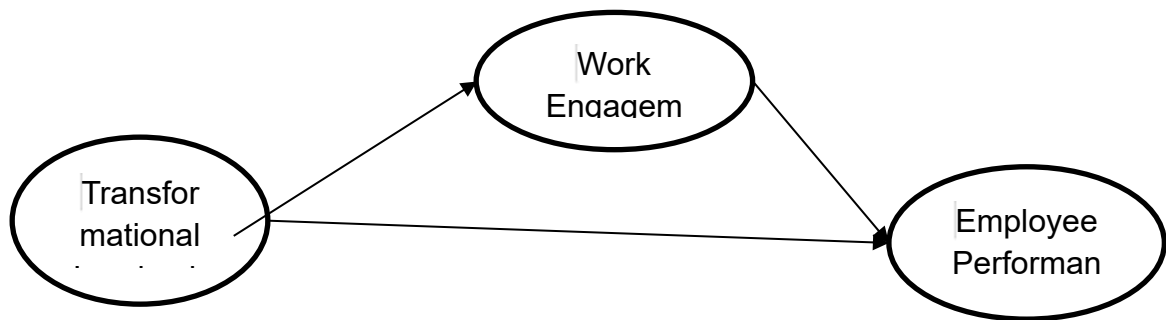


Figure 2. Transformational Leadership, Work Engagement, and Employee Performance.

The focus of this study is a specific group that includes people, events, items, or subjects being analyzed by the researcher. The population of this study consisted of 74 employees from CV Mustika Jaya Furniture. A total of 74 participants were selected as the sample through the Non-Probability Sampling method, specifically using saturated sampling.

The research employs structural analysis using the Partial Least Squares (PLS) method with the aid of PLS software. The analysis begins by evaluating the outer model, which involves checking for convergent validity (factor loadings above 0.7), discriminant validity (cross-loadings above 0.7), and reliability (using measures such as composite reliability and Cronbach's alpha, both expected to exceed 0.5). The study then examines the fit of the model by evaluating the inner model, focusing on the R-squared value for the dependent variable, Goodness of Fit metrics like SRMR, Chi-Square, and NFI, and testing the Path Coefficient to assess the strength and influence of relationships between variables. The objective of these extensive model tests is to address the research question and substantiate the theoretical framework. Additionally, Suryawardani's (2018) study on "Evaluation of Marketing Strategies for the Sanur Village Festival Based on Visitor Behavior" similarly utilized SEM-PLS analysis, supported by smartPLS V.3.0 software.

HASIL DAN PEMBAHASAN

Table 1 Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Transformational Leadership	0,92	0,92	0,93	0,61
Work Engagement	0,92	0,92	0,93	0,70

Employee Performance	0,92	0,92	0,93	0,64
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The analysis of the table above suggests that the variables, Career Development, Job Satisfaction, Turnover Intention, and Workload, demonstrate a significant level of reliability. The Cronbach's Alpha values for these variables range between 0,92 and 0.94, indicating strong consistency in measurement. Moreover, the rho_A values correspond closely with the Cronbach's Alpha, indicating robust reliability. The Composite Reliability values for all variables are also close to 1, ranging approximately from 0.94 to 0.95, underscoring the high dependability of the measurement instrument. Additionally, the Average Variance Extracted (AVE) serves as a metric to gauge the degree to which a construct, as measured by a variable, can elucidate the variability in the data. Each AVE value in the table surpasses 0.50, implying that these variables possess commendable construct validity. Hence, it can be inferred that the measurement instruments employed to evaluate Employee Performance, Job Satisfaction, and Situational Leadership in this study are both valid and reliable.

Table 2. Structural model testing

	R Square	R Square Adjusted
Work Engagement	0,82	0,81
Employee Performance	0,85	0,85

The table above reveals that Employee Performance and Job Satisfaction variables possess a commendable capacity to elucidate the variability within the model. The R Square for Job Satisfaction is approximately 0.84, while the Adjusted R Square (which considers the number of predictors in the model) is around 0.82. Similarly, for the Employee Performance variable, the R Square is approximately 0.82, with an Adjusted R Square of approximately 0.85.

Both variables exhibit R Square and Adjusted R Square values nearing one, indicating their significant role in accounting for a substantial portion of the variance within the model. Nonetheless, it is noteworthy that there exists a slight disparity between the R Square and Adjusted R Square, suggesting the potential presence of additional predictors that could enhance the model's explanatory power. Nevertheless, the primary inference remains that Employee Performance and Job Satisfaction significantly contribute to elucidating the variability within the analyzed model.

Table 3. GoF (Goodness of Fit) Test

	Saturated Model	Estimated Model
SRMR	0,07	0,07
d_ULS	3,35	3,36
d_G	5,08	5,08
Chi-Square	1518,21	1518,21
NFI	0,61	0,61

From the table above, it can be concluded that the estimated model (Estimated Model) exhibits a fit level (SRMR) of approximately 0.07, which is equal to the saturated model (Saturated Model). Additionally, both the d_ULS and d_G values for the Estimated Model and Saturated Model are identical, approximately 3.37. This indicates that the Estimated Model demonstrates a good fit with the Saturated Model in terms of measurement invariance.

Furthermore, the Chi-Square values for both the Estimated Model and Saturated Model are 1518,20, indicating no significant difference between them in terms of model fit. Moreover, the NFI (Normed Fit Index) for the Estimated Model and Saturated Model also share the same value, approximately 0.62. This suggests that the Estimated Model adequately matches the Saturated Model in terms of goodness of fit.

Therefore, it can be concluded that the Estimated Model in this study demonstrates a good level of fit and adequacy with the Saturated Model, indicating that the estimated model appropriately represents the available data.

Table 4. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Transformational Leadership-> Employee Performance	0,24	0,24	0,1	2,12	0,03
Work Engagement -> Employee Performance	0,12	0,14	0,13	1,13	0,26
Transformational Leadership-> Work Engagement -> Employee Performance	0,42	0,41	0,10	4,12	0,00

The analysis of hypothesis testing results provides significant insights into the relationship between the variables under investigation. Firstly, the association between Career Development and Turnover Intention was found to be significant, with a high T-Statistic value of 2.12 and a very low P-Value of 0.03, well below the chosen significance level of 0.05. This indicates that Career Development has a substantial and positive impact on Turnover Intention. Additionally, testing with the inclusion of the Job Satisfaction variable also showed a highly positive relationship, with a T-Statistic of 1.20 and a P-Value of 0.23.

Secondly, the hypothesis testing concerning the relationship between Workload and Turnover Intention indicated no significant connection between the two variables. The T-Statistic value of 1.13 and P-Value of 0.26 exceeded the significance level of 0.05, suggesting that Workload does not have a direct significant impact on Turnover Intention. However, Job Satisfaction appears to mediate this relationship effectively, with a T-Statistic of 4.12 and a P-Value of 0.22.

Furthermore, the combination revealed a significant relationship between Job Satisfaction and Turnover Intention. With a T-Statistic value of 5.18 and a very low P-Value of 0.00, this strongly supports the hypothesis that Job Satisfaction significantly influences Turnover Intention. This suggests that job satisfaction can positively influence turnover intention.

Thus, the analysis confirms the importance of Career Development and Job Satisfaction in influencing Turnover Intention. Although Workload does not have a direct significant impact, Job Satisfaction emerges as a strong mediating factor. These findings offer valuable insights for organizations in developing strategies to reduce employee turnover

KESIMPULAN

In conclusion, the research findings highlight the crucial roles of Career Development and Job Satisfaction in shaping the propensity for turnover among employees. While Career Development demonstrates a substantial and positive impact on Turnover Intention, the addition of Job Satisfaction as a variable further strengthens this relationship, indicating its pivotal role in employee retention strategies. Conversely, although the direct influence of Workload on Turnover Intention is not significant, the mediating effect of Job Satisfaction underscores its importance as a buffer against turnover. Particularly noteworthy is the robust association observed between Job Satisfaction and Turnover Intention, emphasizing the paramount significance of fostering a positive work environment and ensuring employee contentment to reduce turnover rates effectively. These insights provide invaluable guidance for organizations seeking to optimize their human resources management practices and enhance overall employee retention efforts.

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