

The Influence of Transformational Leadership Style on Employee Performance with Work Engagement as Mediation

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Abstract

Transformational leadership style is one of the leadership styles needed in companies. Leadership is also an important factor so that employees can continue to improve their performance. A leader must also be able to increase work motivation and be able to instill a sense of pride in his work in his employees, because by having motivation and being proud of what we are doing, employees will work well and produce maximum work results. The methodology in this research is quantitative research with a random sampling data collection method at the Al-Fath Collection Karawang company which operates in the garment sector. For the data analysis method it is processed using PLS with the help of the SMARTPLS 3.0 application. The aim of this research is to determine the influence of transformational leadership on employee performance, to determine the influence of transformational leadership on work engagement, and to determine the influence of transformational leadership style on employee performance and work engagement on employee performance. The results of this research indicate that the transformational leadership style cannot directly influence employee performance, but the transformational leadership style can indirectly influence employee performance.

Keyword: Transformational Leadership, Work Motivation, Employee Performance

Introduction

A company in running a business or business will certainly be faced with business competition, therefore a company must have a certain way of doing business, in order to compete well and even win the business competition. In today's industrial world, business competition is very tight, where one company and another both want to be the best and leading. With this business competition, it requires a company to have a good and strong business strategy, so that the company can compete with existing business competitors. In addition to being required to have a business strategy, a company in running a business also requires resources that can help in its business activities. One of the supporting resources can even be said to be a very important resource in a company, namely Human Resources (HR).

Human Resources (HR) is one of the most important factors in the management of a company, because Human Resources (HR) will be the driving force of every activity in a company.

Therefore, a company must be able to manage its Human Resources (HR) well, so that its Human Resources (HR) can work well and produce a work result that satisfies the company. Human resources (HR) have a very important role in a company, because no matter how sophisticated the technology owned by the company, without being supported by quality Human Resources (HR) will hinder the course of company productivity.

Human Resources (HR) in a company is expected to continue to improve its performance, because the performance of these employees is one of the benchmarks in the progress of a company. Performance can be defined as an overview of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision of the organization as stated in the formulation of a strategic planning scheme (Irham Fahmi, 2: 2015).

Performance does not only mean as a result of work, but has a broader meaning, namely performance is also how the work process takes place and performance is related to what is done and how to do it (Wibowo, 7: 2017). Performance is an output or outout produced by an employee within a certain period of time. Whether or not the performance of these employees increases can be seen from the performance appraisal or from the amount generated in a certain period of time.

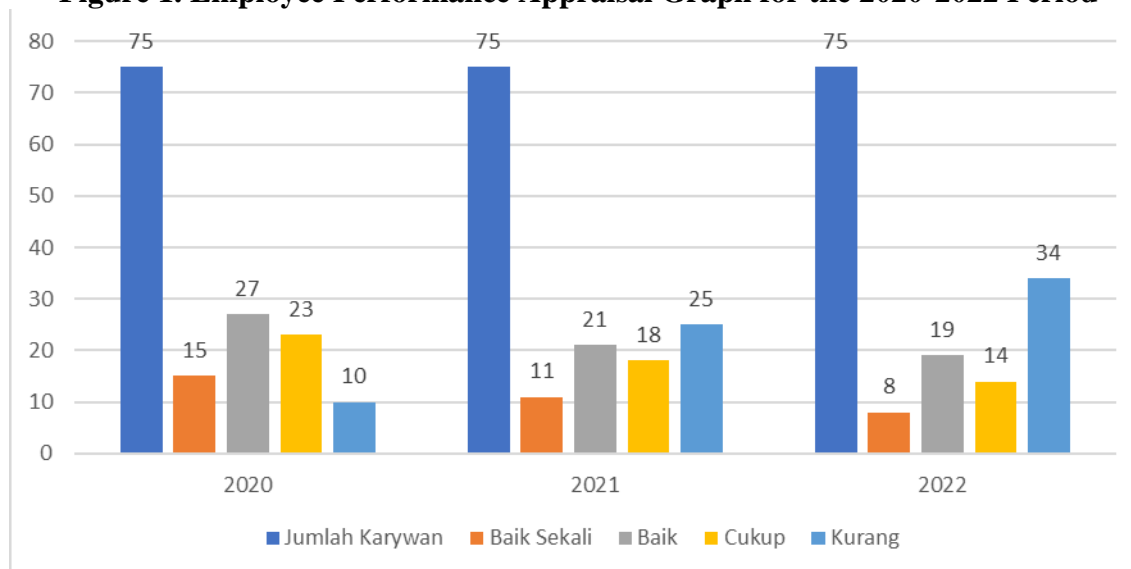
PT. Al-Fath Collection Karawang is a garment company that produces jeans. Al-Fath Collection Karawang Company has several problems in its operational activities, the problems that occur are certainly caused by several factors, including the existing organizational system that has not been able to run professionally both from the leadership, staff and employees. In addition to these problems, there are also problems from the performance results of employees who have not been able to reach the standards set by the company. The following are the results of the performance appraisal of PT. Al-Fath Collection Karawang 3 (three) years.

Table 1. Employee Performance Appraisal for the 2021 – 2023 Period

	Tahun 2021		Tahun 2022		Tahun 2023	
	Jumlah Karyawan	%	Jumlah Karyawan	%	Jumlah Karyawan	%
Baik sekali	15	20.00	11	14.67	8	10.67
Baik	27	36.00	21	28.00	19	25.33
Cukup	23	30.67	18	24.00	14	18.67
Kurang	10	13.33	25	33.33	34	45.33
Buruk						
Buruk sekali						
Jumlah	75	100	75	100	75	100

Source: Employee Performance Appraisal Table of PT. Al-Fath Collection Karawang

Figure 1. Employee Performance Appraisal Graph for the 2020-2022 Period



Source: Employee Performance Appraisal Table of PT. Al-Fath Collection Karawang

From the table and figure above, it can be seen that employees who have very good, good, and sufficient assessments every year have decreased, and for employees who have less assessments every year have increased. Looking at the results of the performance appraisal of PT. Al-Fath Collection Karawang, then the company needs to make efforts that can arouse and improve the performance of its employees.

In order for employee performance to continue to increase, of course, there are factors that affect performance, both internal company factors, and external company factors. One factor that can improve employee performance is leadership style.

Research conducted by Hasnah & Asyari (2022) said that factors that can affect an employee's performance are compensation, leadership style, motivation and job satisfaction. Leaders are one of the factors that can affect employee performance, and become an important part of the company in efforts to improve employee performance (Hasnah & Asyari, 2022).

Several researchers have conducted research on transformational leadership styles on employee performance. Research conducted by Prayudi (2020) and Susanto (2023) (Susanto, 2023) said that transformational leadership style has a positive influence on employee performance. However, in research Nurhuda et al., (2020) and Novitasari (2020) said that transformational leadership style has no influence on employee performance.

From the results of previous research related to transformational leadership style on performance, it was found that there was a gap, where some said influential and some said no effect. From this gap, it is necessary to conduct deeper research on transformational leadership styles on employee performance. To strengthen the results in this study also added work

engagement variables as moderation of transformational leadership styles to employee performance.

Work engagement is a positive mindset of employees towards work based on passion, dedication and focus on the work given at work. An employee is said to be work engagement when an employee is able to make work a priority for himself and personally in addition to the organization. In addition, work engagement is also a personal trait of employees who are proud to have been part of a company so that they are able to work in accordance with the work given to them (Manalu et al., 2021).

Some researchers have also conducted research related to the effect of work engagement on employee performance. Research conducted by Krisnadiputra et al., (2022) and urohmat & Istiyani (2022) said that work engagement has a positive and significant effect on employee performance.

The purpose of this study is to find common ground from the gaps of previous researchers. This study examines the Effect of Transformational Leadership Style on Employee Performance with work engagement as mediation at PT. Al-Fath Collection Karawang.

Method

The type of research used is quantitative research, while the type and source of data used is primary data, namely data collected and processed by the researcher himself from the object of research. The population in this study is employees of PT. Al-Fath Collection Karawang with a total of 75 employees, and all populations were sampled in the study. The data collection technique carried out in this study is by distributing online questionnaires that will be filled out by respondents, then respondents' answers will be processed using the help of the PLS (Partial Least Square) program as a tool to progress the model that has been formulated with the calculation process using the Smart PLS software application program, so as to produce a feasible model

Results and Discussion

R Square

Table 2. R Square value

	R Square	Adjusted R Square
KK	0.769	0.763
WE	0.826	0.823

Source: Output Smart PLS 3.0

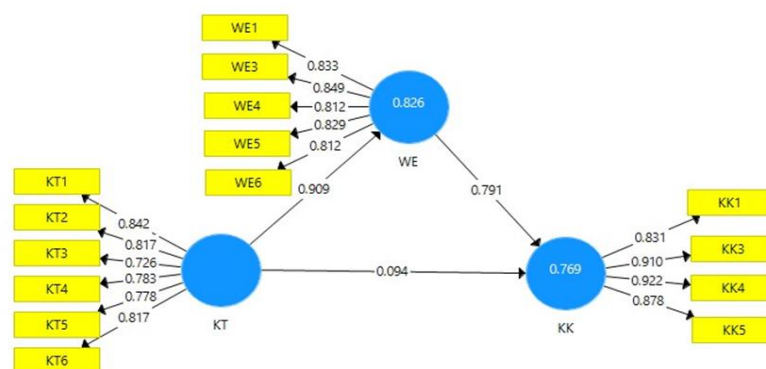
The adjusted R square value is 0.763 in employee performance variables and the adjusted R square value is 0.823 in work engagement. The adjusted R square value on employee performance variables is 0.763, meaning that 76% of employee performance is influenced by transformational leadership style and work engagement variables, while 24% is influenced by other variables not explained in this study.

The adjusted R square value in work engagement is 0.823, meaning that 82% of work engagement is influenced by transformational leadership style variables, while 18% is influenced by other variables not explained in this study

When viewed from the predetermined requirements, the R square value above is included in the strong category because it has an R square value above 0.70.

Inner Model Test

Figure 2. Inner Model Test Value



Source: Output Smart PLS 3.0

Path Coefficients Test

The estimated values for path relationships within the structural model should be evaluated in the perspective of the strength and significance of the relationships. The significance of the relationship can be obtained by conducting a Bootstrapping test. The value generated from the Bootstrapping test is in the form of a t-count value which will then be compared with the t-table value. If the t-count is greater than the t-table (1.648) at the level of 5% alpha value, then the estimated value of the path can be said to be significant. If the p values are smaller than the alpha value, it can be concluded that the variable is categorized as significant.

Table 3. Path Coefficients Test Value

	Sampel Asli (O)	Rata-rata Sampel (M)	Standar Deviasi (STDEV)	T Statistik (O/STDEV)	P Values
KT -> KK	0.094	0.109	0.215	0.436	0.663
KT -> WE	0.909	0.917	0.029	31.018	0.000
WE -> KK	0.791	0.773	0.234	3.387	0.001
KT -> WE -> KK	0.719	0.708	0.215	3.344	0.001

Source: Output Smart PLS 3.0

Table 3 shows the flow of influence between variables in the model. Where the effect of transformational leadership style on employee performance has a t-count value of 0.436 or less than the t-table ($0.436 < 1.648$) and has a P value of 0.663 or greater than α ($0.663 > 0.05$), it can be concluded that transformational leadership style does not have a significant influence on employee performance.

While the effect of transformational leadership style on work engagement has a t-count value of 31.018 or greater than t-table ($31.018 > 1.648$) and has a P value of 0.000 or less than α ($0.000 < 0.05$), it can be concluded that transformational leadership style has a significant influence on work engagement.

The results of the path coefficients test on the variable work engagement on employee performance have a t-count of 3.387 or greater than t-count ($3.387 > 1.648$) and have a P value of 0.001 or less than α ($0.001 < 0.05$), it can be concluded that work engagement has a significant influence on employee performance.

The results of the path coefficients test also show an indirect influence, namely the influence of transformational leadership style on employee performance with work engagement as mediation, has a t-count value of 3.344 or greater than the t-table ($3.344 > 1.648$) and has a P value At 0.001 or less than α ($0.001 < 0.05$), it can be concluded that transformational leadership style can indirectly affect employee performance mediated by work engagement.

Discussions

The results in this study show that transformational leadership style does not have a significant influence on employee performance, the results of this study are not in line with research conducted by Prayudi (2020) and Susanto (2023)(Susanto, 2023) which say that transformational leadership style affects employee performance. However, the results of this study are in line with research conducted by Nurhuda et al., (2020) and Novitasari (2020) which said that transformational leadership style has no effect on employee performance.

Transformational leadership style does not directly affect employee performance, but transformational leadership style can indirectly affect employee performance mediated by work engagement. The results of this study are in line with research conducted by Prabowo & Muafi, (2021) which said that transformational leadership style has a positive and significant effect on performance through work engagement mediation.

The results of this study show that transformational leadership style has a significant influence on work engagement, this study is in line with research conducted by Angelia & Astiti (2020) and Momongan et al., (2023) said that work engagement has a positive and significant effect on employee performance.

The results of this study show that work engagement has a significant influence on employee performance, this research is in line with research conducted by Krisnadiputra et al., (2022) and Surohmat & Istiyani (2022) said that work engagement has a positive and significant effect on employee performance.



Conclusion

Transformational leadership style variables do not have a significant influence on employee performance. The results of the study did not match the initial hypothesis that had been determined, so the conclusion was that the first hypothesis (H1) was rejected. Transformational leadership style variables have a significant influence on work engagement. The results of the study are in accordance with the initial hypothesis that has been determined, then the conclusion is that the second hypothesis (H2) is accepted. Work engagement variables have a significant influence on employee performance. The results of the study are in accordance with the initial hypothesis that has been determined, then the conclusion is that the third hypothesis (H3) is accepted. Transformational leadership style variables can indirectly affect employee performance mediated by work engagement. The results of the study are in accordance with the initial hypothesis that has been determined, then the conclusion is that the fourth hypothesis (H4) is accepted.

A leader, especially at the Al-Fath Collection Karawang company, must pay more attention to his employees in carrying out his work, establish good relationships with employees so that employees feel comfortable at work, and also a leader must continue to instill a sense of pride (work engagement) to the work carried out by his employees, so that employees can continue to improve their performance. However, for further researchers, it is necessary to conduct more research on what factors can improve employee performance.

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	<p>Review: Journal of Multidisciplinary in Social Sciences</p> <p>Volume 01 No 02 January 2024 E ISSN : 3031-6375 https://lenteranusa.id/</p>	
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