

The Effect of Transformational Leadership on Job Performance with Work Engagement and Job Satisfaction as Mediation Variable

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ABSTRACT

This research was conducted to examine the effect of transformational leadership on job performance by employing work engagement and job satisfaction as mediating variables. The research utilized a quantitative approach through the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method using SmartPLS 3.0 software. The sample consisted of 166 respondents. The results of the direct effect analysis revealed that transformational leadership has a significant influence on job performance, work engagement, and job satisfaction. Furthermore, both work engagement and job satisfaction were found to significantly affect job performance. The analysis of indirect effects indicated that work engagement and job satisfaction successfully mediate the relationship between transformational leadership and job performance.

Key words: Transformational Leadership, Job Performance, Work Engagement, Job Satisfaction

INTRODUCTION

Essentially, every organization strives to achieve its goals by utilizing its available resources to ensure long-term organizational sustainability (Suryani & John, 2018). According to Stolovitch and Keeps (1992), performance refers to a series of outcomes achieved that are related to the completion and execution of a given task. Thus, performance can be described as the set of activities undertaken by individuals or groups within an organization to achieve objectives based on measurable outcomes.

One of the key factors influencing performance is leadership, particularly transformational leadership. Transformational leadership plays a vital role in driving the changes required for effective management (Buil et al., 2019). According to Top et al. (2020), transformational leaders positively influence employee performance through inspirational motivation and individualized consideration. Therefore, managers are encouraged to motivate and personally care for their employees. Studies conducted by Abas et al. (2019) and Lindawati and Parwoto (2021) also demonstrated a significant relationship between transformational leadership and performance.

However, several other studies (Eliyana & Ma'arif, 2019; Prabowo et al., 2018; Fahlevi et al., 2020) reported insignificant findings. Hence, this research expands on previous studies (Lai et al., 2020) by introducing job satisfaction as an additional mediating variable alongside work engagement.

Observations of 31 employees at Perumda Air Minum Kota Surakarta revealed relatively low levels of task and contextual performance. For instance, the ability to plan work was only 48.45%, initiative 29%, and ambition to seek new challenges 19.4%. Moreover, 80.6% of employees tended to complain about minor issues. These findings highlight the need to improve employee performance through factors such as transformational leadership, work engagement, and job satisfaction.

METHOD

This research employed a quantitative approach using statistical analysis with SEM-PLS via SmartPLS 3.0. The research population consisted of all employees of Perumda Air Minum Kota Surakarta (284 individuals), with a sample of 166 respondents determined using Slovin's formula. The research instruments were tested for validity and reliability, and the model was evaluated through hypothesis testing using the bootstrapping method.

RESULTS AND DISCUSSION

Validity Test

All indicators demonstrated factor loadings greater than 0.7 and AVE values exceeding 0.5, indicating that the measurements were valid. The discriminant validity test also showed that the square root of the AVE values was higher than the correlations among constructs.

Reliability Test

All variables showed Cronbach's Alpha and Composite Reliability values above 0.7, confirming their reliability.

Variable	Cronbach's Alpha	Composite Reliability
Transformational Leadership	0.945	0.954
Work Engagement	0.934	0.946
Job Satisfaction	0.966	0.970
Job Performance	0.963	0.967

Hypothesis Testing

Hypothesis	Original Sample	T-Statistics	P-Values
H1	0.157	2.128	0.034
H2	0.733	17.600	0.000
H3	0.663	13.439	0.000
H4	0.362	4.854	0.000
H5	0.447	6.856	0.000
H6	0.266	4.582	0.000
H7	0.296	6.420	0.000

All hypotheses were accepted since all p-values were less than 0.05.

- H1: Transformational leadership positively affects job performance. Leaders who provide support and guidance to employees contribute to improved job performance (Top et al., 2020; Abas et al., 2019).
- H2: Transformational leadership positively influences work engagement. Leaders with a clear vision encourage employees to actively participate in organizational activities (Lai et al., 2020; Al-Amin, 2017).
- H3: Transformational leadership positively affects job satisfaction. Leaders who pay attention to and listen to subordinates enhance their satisfaction (Prabowo et al., 2018; Rawashdeh et al., 2020).
- H4: Work engagement positively affects job performance. Engaged employees tend to work more diligently and contribute more effectively (Yao et al., 2022).
- H5: Job satisfaction positively affects job performance. Satisfied employees are likely to work harder and be more productive (Roz, 2019).
- H6: Work engagement mediates the relationship between transformational leadership and job performance (Lai et al., 2020; Buil et al., 2019).
- H7: Job satisfaction mediates the relationship between transformational leadership and job performance (Prabowo et al., 2018; Rawashdeh et al., 2020).

CONCLUSION

Based on the results of data analysis and discussion, it can be concluded that transformational leadership has a positive effect on work engagement and job satisfaction, which in turn enhances employee job performance at Perumda Air Minum Kota Surakarta. All hypotheses in this study were accepted.

Future research aiming to re-examine factors influencing employee job performance is encouraged to include additional variables such as organizational citizenship behavior, compensation, and work environment. Subsequent studies are also advised to employ other data collection methods, such as direct interviews with respondents, and to broaden the research scope to different organizational contexts.

In doing so, future research may provide more diverse insights into the factors that improve employee job performance. Moreover, future studies are encouraged to analyze the relationship between job performance and employees' length of service to produce a more comprehensive understanding of job performance dynamics within organizations.

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