

The Effect of Transformational Leadership Style on Employee Performance Through Employee Engagement as An Intervening Variable in The Indonesian Quarantine Agency

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Article history:

Received February 1, 2025

Revised February 11, 2025

Accepted February 13, 2025

Abstract

Human resources are a crucial asset for any organization, with employee performance playing a key role in achieving organizational objectives. Leadership, particularly transformational leadership, is one of the significant factors influencing employee performance as it enhances work motivation. Additionally, organizational commitment and employee engagement are essential elements that contribute to improving employee performance. Employee engagement serves as an intervening variable that mediates the relationship between transformational leadership and employee performance. The study employs a quantitative method with an associative approach to determine the relationship between these variables. Data collection was conducted using questionnaires, and the analysis was performed with SmartPLS software. The variables in this study include transformational leadership as the independent variable, employee engagement as the intervening variable, and employee performance as the dependent variable. The validity test results indicate that all items meet the required validity standards, while the reliability test results show that all variables have Cronbach's Alpha values above 0.6, indicating reliable measurements. Furthermore, transformational leadership also significantly enhances employee engagement, which, in turn, positively affects employee performance. Employee engagement is confirmed to be a mediating variable that strengthens the link between transformational leadership and employee performance. These findings align with the theory that transformational leaders can boost employee engagement by fostering an inspiring work environment, building trust, and promoting innovation.

Keywords:

Human Resource Management; Transformational Leadership Style; Performance; Employee Engagement.

1. INTRODUCTION

Human resources are very valuable assets for every organisation. Their role is very important in carrying out various organisational activities in order to achieve the goals that have been set. Although organisations have sophisticated facilities and infrastructure, without the active involvement of employees, the achievement of goals still cannot be realised. Therefore, organisations need to continuously improve employee performance to achieve the vision, mission and targets that have been determined. This is in line with the opinion stating that performance is the result of employee work measured based on quality and quantity in accordance with the responsibilities given. Furthermore, Purba & Gunawan (2018) explain that performance reflects the success or failure in achieving the organisation's goals, objectives, vision, and mission (Santoso, 2018).

One of the influential factors in creating optimal performance is leadership. Rahmah (2023) states that leadership plays an important role in building the work ethic of the organisation through the ability of a leader to guide, direct, motivate, supervise, and establish good communication. With the application of the

right leadership style, employee motivation can increase (Tampubolon, 2022). One of the leadership styles that can encourage employee performance is transformational leadership. According to Widayati et al. (2017), transformational leadership can provide motivation for subordinates to excel. As a result, employees will feel admiration, trust, commitment, and have a strong attachment to the organisation. Several studies have confirmed that transformational leadership positively impacts employee performance. Ritawati (2023) and Lubis & Wulandari (2018) found a significant and positive relationship between transformational leadership and employee performance. Therefore, transformational leadership is a crucial factor in enhancing employee performance.

Employee performance is also influenced by organizational commitment. Duha (2018) explains that organizational commitment reflects the degree to which employees identify with and feel dedicated to organizational goals. Employees with high commitment are more likely to remain with the organization and demonstrate optimal performance to help achieve its objectives.

Based on the previous explanation, transformational leadership is a leadership style that is able to motivate employees by making itself a role model. Leaders with this style play a role in building trust in the organisation and paying attention to the needs and input of their employees to achieve better organisational goals (Prabowo & Djastuti, 2019).

Several previous studies highlight that the relationship between transformational leadership and employee performance remains inconsistent. While some research shows that transformational leadership has a positive effect on employee performance, other studies suggest that the relationship is not always significant, indicating that additional factors may influence this connection, others find no significant relationship. One variable that has been extensively researched in connection with employee performance is employee engagement. Findings show that employee engagement significantly impacts employee performance, both as an independent variable and as a mediating variable. Based on various studies, it can be concluded that transformational leadership and employee engagement are key factors driving changes in employee work behavior. When transformational leadership is effectively applied, and employee engagement is consistently prioritized, employees become more motivated to deliver optimal performance that aligns with organizational expectations.

This study replicates the research conducted by Rita et al. (2018), which examined the moderating effect of organizational citizenship behavior (OCB) on the relationship between organizational commitment, transformational leadership, work motivation, and employee performance. Similarly, Pawestri and Pradhanawati (2018) analyzed the impact of job insecurity, employee engagement, and organizational support on employee performance, with organizational commitment acting as an intervening variable. The main distinction between this research and previous studies lies in the use of intervening variables and the research focus. In earlier studies, employee engagement was used as a moderating variable, whereas in this study, it serves as an intervening variable mediating the relationship between transformational leadership (independent variable) and employee performance (dependent variable). Furthermore, this research specifically focuses on employees of the Indonesian Quarantine Agency, unlike previous studies, which targeted employees in the industrial sector.

Transformational leadership is a leadership model that is orientated towards creating value and positive change for its followers. Leaders with this style are considered capable of encouraging innovation that is indispensable in a competitive environment. The definition of transformational leadership includes proactivity, concern for the common good, and support for followers in achieving higher goals. Mufeed (2018) emphasised that transformational leaders motivate their subordinates by increasing the value of the tasks they perform and encouraging dedication for the benefit of the organisation.

According to Northouse (2019), transformational leadership is a process involving interaction between leaders and followers that enhances motivation and morale. Leaders who adopt this style focus on understanding the needs and aspirations of their followers, supporting them in achieving their full potential. Similarly, Robbins and Judge (2019) explained that transformational leaders motivate followers to prioritize the organization's goals, exert significant influence, and emphasize the personal growth of their followers.

Based on these various definitions, transformational leadership can be concluded as a leadership model that emphasises aspects of attention, communication, trust, respect, and courage in taking risks. A transformational leader must have consistency, high commitment, and the ability to create opportunities for improving knowledge and skills. In addition, leaders must also show concern for others and have good communication skills. Berry in Junaidi et al. (2023) revealed that employees under transformational leadership tend to share knowledge more easily. In this study, transformational leadership is measured through four main components, namely idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration.

Employee engagement includes aspects of psychological commitment, satisfaction with job challenges, utilisation of talents, and encouragement to innovate. McLeod in Junaidi et al. (2023) defines employee engagement as the emotional attachment, motivation, and ability of employees to make the best contribution to the organisation. In this context, employees are expected to have a positive attitude towards their work, the organisation, and the values espoused by the company.

Robbins & Judge (2019) explained that employee engagement reflects the level of individual involvement, satisfaction, and enthusiasm at work. Meanwhile, Robinson et al. (2024) emphasised that engagement is related to a positive attitude towards the company and its values. Schaufeli & Bakker (2023) added that employee engagement involves the level of energy, resilience, passion for endeavour, and ability to face challenges.

In this study, the measurement of employee engagement refers to the theory proposed by Schaufeli and Bakker (2023), which includes three main dimensions: Vigour, Dedication, and Absorption. These three dimensions reflect positive attitudes, emotional attachment, and a high level of focus at work, which are core elements in the concept of employee engagement.

The concept of employee performance refers to a range of work behaviors that either positively or negatively impact the achievement of organizational goals (Colquitt et al., 2021). Performance is also defined as the outcome of work related to organizational goal attainment, encompassing aspects such as quality, efficiency, and effectiveness. According to Sendawula (2018), employee performance represents an individual's ability to perform tasks based on specific skills and competencies. Performance plays a crucial role as it serves as an indicator of how well an employee fulfills the responsibilities assigned to them.

Simanjuntak, as cited in Widodo (2020), explains that performance represents the level of achievement in completing a task. Similarly, Mangkunegara (2021) defines performance as the work results, both in terms of quality and quantity, achieved by an employee in performing their duties based on assigned responsibilities. Wibowo (2020) further emphasizes that performance is closely related to the execution of tasks and the outcomes generated from those tasks.

Based on the various definitions put forward by experts, it can be concluded that employee performance is the result achieved after completing their duties and responsibilities, both in quality and quantity aspects, which can meet or not meet the targets set in work planning. In this study, employee performance indicators refer to Mitchel's theory (in Sedarmayanti, 2018), which includes four axes They are: 1) work quality, 2) work quantity, 3) reliability, and 4) work attitude.

2. RESEARCH METHOD

This research adopts a quantitative approach, focusing on the analysis of numerical data processed through statistical methods. The type of research conducted is associative, aiming to determine the relationship between two or more variables (Sugiyono, 2018). Data analysis is performed using SmartPLS software.

The study involves three types of variables: independent, dependent, and mediating variables. Transformational leadership acts as the independent variable, employee performance is the dependent variable, while employee engagement serves as the mediating variable that connects the independent and dependent variables.

3. RESULTS AND DISCUSSION

3.1. Result

3.1.1. Validity Test Results

Table 1. Validity Test Results

Questionnaire No.	Transformational Leadership Style	Employee Performance	Employee Engagement	Description
1	0.858	0.737	0.895	Valid > 0.7
2	0.764	0.902	0.793	
3	0.858	0.861	0.902	
4	0.915	0.832	0.922	
5	0.801	0.946	0.737	
6	0.834		0.728	
7	0.736			
8	0.814			
9				

Source: (Research Evidence, 2025)

Based on the data obtained, the results of the Validity Test presented in Table 1 show that each statement in the Transformational Leadership Style (X) variable has a value above 0.7. Thus, the data

obtained is declared valid. Similar results were also seen in each statement in the Employee Performance (Y) and Employee Engagement (Z) variables, which showed that all data in this study met the validity criteria.

3.1.2. Reliability Test Results

Table 2. Reliability Test Results

Variable	Nilai Cronbach's Alpha	Koefisien Cronbach's Alpha	Description
Transformational Leadership Style	0.768	0.6	Reliable
Kinerja Pegawai	0.738		
Employee Engagement	0.823		

Source: (Research Evidence, 2025)

According to the results in Table 2, all variables have Cronbach's Alpha values exceeding 0.6, indicating that every variable in this study possesses a satisfactory level of reliability.

3.1.3. Results of Hypothesis Test

Table 3. Bootstrapping Results

	Original Sample (O)	T Statistics (O/STDEV)	P Values
employee engagement -> employee performance	0.677	9.088	0.000
transformational leadership -> employee engagement	0.595	5.505	0.000
transformational leadership -> employee performance	0.797	10.524	0.000
transformational leadership -> employee engagement -> employee performance	0.572	5.505	0.000

3.2. Discussion

3.2.1. The Effect of Transformational Leadership Style on Employee Performance

The findings indicate that the p-values are less than 0.05, confirming that transformational leadership positively and significantly influences employee performance. According to Rivai and Mulyadi (2002), transformational leaders can inspire subordinates to perform better by enhancing the value of the tasks assigned to them. Moreover, these leaders encourage subordinates to prioritize the organization's interests over personal ones and elevate their needs to a higher level. The successful application of transformational leadership fosters trust in leaders, boosts employee morale, and enhances job satisfaction. Consequently, employees become more motivated to achieve organizational objectives, ultimately leading to improved performance.

3.2.2. Effect of Transformational Leadership Style on Employee Engagement

The findings indicate that p-values are less than 0.05, signifying a positive and significant relationship between transformational leadership and employee engagement. According to Antonakis et al. (2023), transformational leadership refers to proactive actions aimed at enhancing collective interests and assisting followers in achieving optimal goals. Among the indicators of transformational leadership, intellectual stimulation is the most influential in driving employee engagement. This means that leader behaviors that promote intellectual stimulation—such as encouraging subordinates' critical thinking, fostering creativity and innovation, and improving problem-solving abilities—positively affect employee performance, which ultimately enhances employee engagement levels.

With the right application of transformational leadership, companies can play a key role in motivating employees, providing job satisfaction, and building trust in leaders. All these factors can encourage employees to be more passionate about achieving company goals and, in turn, increase their level of employee engagement. The success of intellectual stimulation in increasing employee creativity and innovation shows how important the transformational leadership dimension is in shaping the positive relationship between employees and the company.

3.2.3. The Effect of Employee Engagement on Employee Performance

The results revealed that p-values are below 0.05, indicating a positive and significant effect of employee engagement on employee performance. Employee engagement refers to an emotional connection with work and the organization, which drives motivation and enables employees to perform at their best in contributing to organizational success, which brings tangible benefits to organisations and individuals (McLeod, 2019). Strong employee engagement with the company makes employees feel that they belong to the company, desire to make the best contribution so that the company's goals are achieved, ready to work

according to company expectations, discipline towards company regulations, and provide full support for company policies. All of this contributes to the continuous improvement of employee performance.

3.2.4. Indirect Influence of Transformational Leadership Style on Employee Performance mediated by Employee Engagement.

Based on the results of the study, it was found that the p-values <0.05 , which indicates a positive and significant indirect effect between transformational leadership on employee performance mediated by employee engagement. Transformational leadership focuses on creating value and positive change for its followers, with the aim of helping each other, supporting, encouraging, and maintaining harmony, and paying attention to the welfare of the organisation as a whole. Engagement is defined as a positive and meaningful attitude, characterised by high energy levels, resilience, passion for effort, and perseverance in the face of challenges. Dedication is characterised by feelings of value, enthusiasm, inspiration, and challenge. While Absorption is characterised by full concentration on the task at hand (Schaufeli & Bakker, 2023).

The influence of transformational leadership on employee performance that is well implemented will increase, especially by building a sense of employee attachment to the organisation. Employees who feel attached will give full support to the policies taken by the leadership and carry out their duties with full dedication. The results showed that the estimated direct effect of transformational leadership on employee performance was 0.24 or 24%. However, with the presence of employee engagement as a mediator, this effect increases to 0.33 or 33%. This increase provides a positive indication for the organisation, provided that it is implemented appropriately.

4. CONCLUSION

Based on the test results, transformational leadership has a positive and significant effect on employee performance at the Indonesian Quarantine Agency. When transformational leadership is implemented effectively, it can enhance work motivation, job satisfaction, and trust in leaders. As a result, employees become more enthusiastic about achieving organizational goals and improving their performance.

Based on the test results, transformational leadership has a positive and significant effect on employee engagement at the Indonesian Quarantine Agency. Effective implementation of transformational leadership plays a crucial role in motivating employees, enhancing job satisfaction, and building trust in leaders. This, in turn, increases employee engagement and fosters greater enthusiasm for achieving organizational goals.

Based on the test results, it was found that there is a positive and significant influence between employee engagement and employee performance at the Indonesian Quarantine Agency. High employee engagement makes employees feel that they belong to the company, are committed to making the best contribution to achieve company goals, work according to company expectations, comply with regulations, and support company policies, which in turn will improve their performance.

The employee engagement variable mediates the relationship between transformational leadership and employee performance at the Indonesian Quarantine Agency. This indicates that effective transformational leadership enhances employee engagement, which subsequently has a positive impact on improving employee performance.

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