

The Impact of Transformational Leadership Style on Employee Engagement

Cynthia Wibowo¹, Elyzabeth Wijaya², Agus Susanto³, Susanto⁴

^{1,2,3,4} Institut Bisnis Informasi Teknologi dan Bisnis, Indonesia

Korespondensi Penulis : elyzabeth@itnb.ac.id

Abstrac It is important that companies attract and retain employees. The human resource is important for company in achieving the goal. Employees who feel engaged have high levels of involvement and satisfaction. The employees are said to be engaged when they have passion, commitment and the willingness to expend their effort to help the employer in achieving the goals. One of the ways to keep employee productivity is through employee engagement. The organizational effectiveness will be realized if the employees who perform assigned duties are willing to engage in activities. The leader should make employees feel comfortable in doing the job. Research design used in this research is descriptive research design and correlational research design. Research methods which used are descriptive statistic analysis, validity and reliability test, normality test, coefficient correlation, coefficient of determinant, simple linear regression analysis and Z testing. The conclusion of this research is there is impact transformational leadership style towards employee engagement. The conclusion is proved with Z test. The calculation of Z test shows that Zcount (10.13) is higher than Ztable (1.96). The alternative hypothesis is accepted and null hypothesis is rejected. Coefficient of correlation is 0.896. It shows that there is strong and positive relationship between variables. Coefficient of determination is 80.3%. It shows that employee engagement can be explained by transformational leadership style in 80.3% while the remaining in 19.7% can be explained by other factors.

Keywords: Leadership, Transformational, Employee

1. INTRODUCTION

Employees are the most significant asset for every organization. It is essential for firms to recruit and retain personnel (Sobari et al., 2023). The corporation depends significantly on its people resources to attain its objectives (Kosasih et al., 2023). Organizations have formulated and executed several ways to comprehensively cultivate and enhance personnel, striving for maximum productivity (Simamora et al., 2022). Employees are an essential asset to organizations, since they significantly influence the organization's performance (H. K. S. A. T. E. W. Susanto, 2020). Recognizing the significance of their workers, corporations have devised many techniques and policies to guarantee their participation in their job (Theng et al., 2021).

Organizations want not just to retain their employees but also to enhance their leadership and engagement strategies to optimize organizational performance via their workforce (Wijaya, 2021). Recognizing the strategic importance of human resources and the expenses related to the loss of esteemed individuals, organizations must prioritize employee turnover concerns (Assaly et al., 2021). Companies must identify and implement strategies to comprehend and regulate the factors that maintain high employee engagement and deter intents to resign (Tanady, Susanto, Theng, & Lim, 2022).

Employees that experience engagement exhibit elevated levels of participation and happiness (Tanady, Susanto, Theng, Afriani, et al., 2022). An engaged employee is less inclined to resign from their position (Theng et al., 2023). Engaged employees demonstrate enthusiasm, dedication, and a readiness to invest their efforts in helping their business attain its objectives (Nasib, 2020). The organization can attain effectiveness via the collaborative efforts of its current human resources (Hasrul Azwar Hasibuan et al., 2022). The company's principal task is to actively involve people in their jobs, facilitating the effective attainment of corporate objectives and the enhancement of their performance (Pebri, 2020). Employee engagement is a method to sustain productivity (Nasib, 2019).

Employees who participate in activities will achieve organizational effectiveness (Zaini et al., 2021). Engaged individuals constantly exhibit elevated productivity and demonstrate fervor for the business and their tasks, yielding optimal outcomes for the firm (Agus Susanto et al., 2022). Employee engagement is a crucial factor for corporate performance (A. Susanto, 2019). The personnel inside the organization play a significant influence in the company's operations (Akbar et al., 2022). Consequently, the leader must ensure that staff feel at ease while performing their tasks (Nasib & Amalia, 2018). The leader's behavior influences the employee's decision to remain with or leave the business. Employees with high engagement enhance organizational effectiveness and are correlated with increased organizational citizenship and reduced employee turnover rates (Martin, 2018). Organizations should utilize a suitable leadership style to inspire and enhance employee engagement (Nasib, 2021).

Leadership is crucial for the continuous growth and advancement of a company. Effective leadership enables a business to articulate a strategic goal and directs personnel towards its realization (Lubis et al., 2023). Managers are crucial for maintaining employee engagement inside the firm. Organizational leaders, especially those employing a transformational leadership style, has the exceptional capacity to inspire and empower individuals to perform at their highest potential (Syaifuddin et al., 2022).

These leaders effectively motivate their people to strive towards achieving the defined vision and goals of the organization (Novirsari et al., 2022). The adoption of a transformational leadership style may profoundly affect workers' corporate citizenship behavior, thereby altering their work and job autonomy (Astika et al., 2022). Effective leadership is essential for employees to achieve their maximum potential and worth (Lu, 2018). The transformational leadership style fosters a culture and human resource practices that inspire people to engage in organizational development. These techniques involve

employees in their tasks (Hetland, 2018). Transformational leadership cultivates employee empowerment, hence enhancing employee engagement (Majali et al., 2022).

(Dewiana Novitasari, 2021) asserts that the transformational leadership style significantly influences employee engagement. Transformational leaders demonstrate pragmatic and anticipatory thinking, frequently producing novel and inventive ideas and solutions. Transformational leaders oversee individuals who demonstrate more creativity in the workplace, so improving their performance and aiding the attainment of corporate objectives (Maheshwari, 2022). Transformational leaders often promote more employee empowerment, which subsequently involves followers in the decision-making process, so augmenting their feeling of engagement (Handari, 2020). They are acknowledged for their capacity to concentrate on the cultivation and improvement of their followers' technical talents and competencies, using them to get desired performance results. Promoting this leadership style among executives will enhance the impression of significance in work, ultimately yielding elevated employee engagement levels. This leadership emphasizes the augmentation of followers' engagement with organizational objectives, resulting in employee participation.

2. LITERATURE REVIEW

Employee Engagement

Employee engagement refers to the interest, commitment, and enthusiasm of workers towards their work and the organization they serve (Bale, 2021). Employee engagement is frequently linked to enhanced performance, elevated work happiness, and robust organizational loyalty (Prastyo, 2020). Employee engagement denotes emotional investment (favorable sentiments towards work) and cognitive investment (concentration and attention on tasks) (Aziez, 2022). Engaged personnel are often more focused and dedicated to achieving job outcomes. Elevated engagement levels can enhance productivity, work satisfaction, and decrease staff turnover (Srimulyani & Hermanto, 2022). Engaged individuals are typically more inventive and maintain excellent connections with their colleagues. Engaged personnel are often more concentrated, driven, and prepared to excel in their tasks (Riyanto & Endri, 2021). Through unwavering devotion, they optimize contributions to the company's productivity, so enhancing the attainment of organizational targets and objectives (Nagpal, 2022). Organizations exhibiting elevated employee engagement typically see reduced turnover rates (Emmywati et al., 2020). Employees that experience engagement and satisfaction in their employment are likely to remain for extended

periods (Febriansyah, 2019). This minimizes the expenses associated with hiring and training replacements, allowing the organization to concentrate more on growth and development (Andika, 2022). Employees that are engaged typically deliver superior service to consumers due to their sense of pride and emotional attachment to the organization (Wei, 2020). Favorable client experiences foster loyalty, improve corporate reputation, and stimulate development via good endorsements and evaluations (Luthia & Sathiamoorthy, 2021).

Transformational Leadership Style

The transformational leadership style significantly enhances employee engagement. Transformational leaders emphasize the inspiration, motivation, and growth of team members, hence enhancing workers' emotional, cognitive, and behavioral engagement with their job and the organization (Nurabadi, 2021).

Transformational leaders may motivate people with a compelling and significant vision, prompting them to exert additional effort in their job (Engelbrecht, 2021). Inspiration from visionary leaders enhances employee engagement, instills a sense of purpose, and fosters commitment to objectives that transcend routine responsibilities (Hetland, 2018). Transformational leaders often cultivate strong relationships with workers, attentively consider their needs and objectives, and offer authentic support (Xiaobao, 2020). This proximity fosters a robust emotional connection between employees and leaders, hence enhancing employees' feeling of engagement with the organization and team (Awan, 2021).

The transformational leadership style promotes creative and inventive thinking among employees for problem-solving and the attainment of corporate objectives (Anshori et al., 2020). This support enables employees to feel secure in taking chances and experimenting with new ideas without the apprehension of failure or adverse criticism (Sunarsi, 2021). An innovative atmosphere enhances employee engagement as individuals see more value and appreciation for their contributions.

Transformational leaders underscore the significance of principles such trust, mutual respect, and transparent communication (Dimotakis, 2020). Employees foster a supportive atmosphere that enhances both their professional and personal well-being (Liana, 2021). This conducive climate enhances employee engagement as individuals perceive themselves as more secure and respected inside the firm (Isabel, 2021).

3. METHODS

This research employs a quantitative methodology utilizing a correlational survey design to investigate the impact of transformational leadership style on employee job

engagement. The study population comprises employees of an organization, with samples chosen by purposive sampling. Each item on the questionnaire is assessed using a 5-point Likert scale. Data was gathered using online or physical questionnaires and subsequently examined for validity, reliability, descriptive statistics, Pearson correlation, and simple linear regression to ascertain the intensity and direction of the effect of leadership style on job engagement. We examined the idea that a transformative leadership style markedly improves employee job engagement. This study preserves the confidentiality of respondent data by informed permission, anonymity, and additional ethical protocols. This study is limited by the subjectivity of respondent evaluations and the potential constraints in generalizing the findings to the same organizational setting.

4. RESULTS

Linear regression analysis is employed to ascertain the effect of variations in an independent variable on the corresponding changes in a dependent variable. Linear regression analysis facilitates the prediction of the dependent variable's value based on a specified independent variable value. The linear regression analysis produces the subsequent results:

Table 1. Regression Linear Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.097	.601		3.490	.001
	Transformational Leadership Style	.646	.028	.896	22.747	.000
a. Dependent Variable: Employee Engagement						

The linear regression equation presented in the table is $Y = 2.097 + 0.646X$. The constant is 2.097, and the regression coefficient is 0.646. If transformative leadership lacks value, employee engagement will be at 2.097. An increase of 1 unit in the transformational leadership style will provide a corresponding rise of 0.646 units in employee engagement. Consequently, the corporation should contemplate enhancing the transformational leadership style to get elevated workforce engagement.

The coefficient of determination test can be seen as follows:

Table 2. Test of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896 ^a	.803	.801	2.00458
a. Predictors: (Constant), Transformational Leadership Style				

The above computation indicates the impact of the X variable (transformational leadership style) on the Y variable (employee engagement). The coefficient of determination is 80.3% according to the calculation. The transformative leadership style influences employee engagement by 80.3%, whereas the remaining 19.7% is attributable to other components in this study.

The Z test calculation can be seen as follows:

$$Z_{count} = \frac{r}{\left(\frac{1}{\sqrt{n-1}}\right)}$$

$$Z_{count} = \frac{0.896}{\left(\frac{1}{\sqrt{129-1}}\right)}$$

$$Z_{count} = \frac{0.896}{0.088}$$

$$Z_{count} = 10.13$$

The computation results in a Zcount of 10.13. We will juxtapose the Zcount with the Ztable. The Z-table, with a margin of error of 5%, is 1.96. Consequently, we may affirm that Zcount (10.13) exceeds Ztable (1.96). The Z test demonstrates a substantial effect of transformational leadership style on employee engagement. The alteration in transformational leadership style significantly affects employee engagement. The organization explores methods to enhance employee engagement, including the adoption of transformational leadership styles.

5. CONCLUSION

The research suggests that a transformative leadership style markedly affects employee job engagement. The Z test corroborates this, since the computed Z value (10.13) exceeds the critical Z value (1.96), signifying the acceptance of the alternative hypothesis. A correlation value of 0.896 signifies a robust and favorable association between transformational leadership style and work engagement. The coefficient of determination of

80.3% indicates that the transformational leadership style explains 80.3% of work engagement, while other factors account for the remaining 19.7%.

To improve employee job engagement, organizations should implement a transformational leadership style that promotes comfort, dedication, and happiness inside the workplace. Leaders may concentrate on offering support, inspiration, and incentives to employees to enhance their feeling of engagement. Moreover, organizations must take into account additional elements beyond transformational leadership that may enhance employee engagement, including a favorable work environment, possibilities for career advancement, and a nurturing corporate culture.

6. REFERENCES

- Agus Susanto, Kosasih, H., Linda, T., Satrianny, I. P., & Thamrin. (2022). The influence of the work environment and individual characteristics on employees' job satisfaction. *Jurnal Ilmiah Hospitality*, 11(2), 53–54.
- Akbar, S., Hermanto, H., & Susanto, A. (2022). Pengaruh sistem pemberian tambahan penghasilan pegawai (TPP) terhadap kepuasan dan motivasi kerja aparatur sipil negara (ASN) di Dinas Pariwisata Pemuda dan Olahraga Kota Bima. *Scientific Journal of Reflection: Economic, Accounting, Management and Business*, 5(3), 574–585. <https://doi.org/10.37481/sjr.v5i3.510>
- Andika, I. M. B. (2022). Fostering readiness to change through work engagement in Indonesian government organizations. *International Journal of Social Science and Business*, 7(1), 86–95. <https://doi.org/10.23887/ijssb.v7i1.48032>
- Anshori, M. Y., Karya, D. F., Muslihah, N., & Herlambang, T. (2020). Analysis of transformational leadership style for employee performance with job satisfaction as an intervening variable. *29(9)*, 3967–3973.
- Assaly, A., Wijaya, E., Theng, B. P., & ... (2021). Pelatihan Microsoft Excel di TK Kana Deli Serdang Sumatera Utara. *Abdimas*, 1(2), 12–15. <https://ejournal.politeknikmbp.ac.id/index.php/abdimpkm/article/view/60>
- Astika, E., Nasib, Bhastary, M. D., Amalia, F., & Hou, A. (2022). Effect of work environment and workload on employee satisfaction. *JMARI*, 3(1), 1–12.
- Awan, S. A. B. S. I. M. A. I. A. B. F. A. M. Z. R. M. U. (2021). Impact of leadership styles on employees' performance with the moderating role of positive psychological capital. *Total Quality Management and Business Excellence*, 32(9–10), 1085–1105. <https://doi.org/10.1080/14783363.2019.1665011>
- Aziez, A. (2022). The effect of employee engagement on employee performance with job satisfaction and compensation as mediating roles. *JOSR: Journal of Social Research*, 1(3), 221–230.
- Bale, S. (2021). Impact of employee engagement on performance at a pump supplier. *International Journal of Multi Discipline Science (IJ-MDS)*, 4(1), 1–8.

- Dewiana Novitasari. (2021). The role of leadership in innovation performance: Transactional versus transformational style. *JIMFE (Jurnal Ilmiah Manajemen Fakultas Ekonomi)*, 7(1), 26–36. <https://doi.org/10.34203/jimfe.v7i1.2981>
- Dimotakis, C. A. H. E. P. K. A. J. K. N. (2020). Does servant leadership's people focus facilitate or constrain its positive impact on performance? An examination of servant leadership's direct, indirect, and total effects on branch financial performance. *Group and Organization Management*, 45(4), 479–513. <https://doi.org/10.1177/1059601120901619>
- Emmywati, E., Sukatmadiredja, N. R., & Wibowo, B. S. (2020). Job crafting, work engagement and sustainability for employee performance in the Directorate of Telecommunications Directorate General of Postal and Informatics Implementation in Jakarta. *Media Mahardhika*, 18(2), 179–191. <https://doi.org/10.29062/mahardhika.v18i2.146>
- Engelbrecht, O. M. S. A. S. (2021). How transformational leadership, psychological contract violation, empowerment and affective commitment influence employees' intention to quit an organization. *South African Journal of Business Management*, 52(1), 1–12. <https://doi.org/10.4102/sajbm.v52i1.2278>
- Febriansyah, H. (2019). How does religion influence employee engagement in the Indonesian context? *Jurnal Manajemen Bisnis*, 10(2). <https://doi.org/10.18196/mb.10180>
- Handari, G. K. S. H. S. (2020). Employee performance optimization through transformational leadership, procedural justice, and training: The role of self-efficacy. *Journal of Asian Finance, Economics and Business*, 7(12), 995–1004. <https://doi.org/10.13106/jafeb.2020.vol7.no12.995>
- Hasrul Azwar Hasibuan, Syaifuddin, Rusiadi, & Nasib. (2022). Changes in the performance of millennial employees during the COVID-19 period at four-star hotels in Medan City. *International Journal of Research and Review*, 19(April), 320–324.
- Hetland, J. (2018). Daily transformational leadership and employee job crafting: The role of promotion focus. *European Management Journal*, 36(6), 746–756. <https://doi.org/10.1016/j.emj.2018.01.002>
- Isabel, R. (2021). The effect of servant leadership on employee outcomes: Does endogeneity matter? *Quality and Quantity*, 1–19. <https://doi.org/10.1007/s11135-021-01109-7>
- Kosasih, H., Tarigan, S. A., Wijaya, E., Susanto, S., Susanto, A., & Leonardi, F. (2023). Penyuluhan manajemen pembuangan sampah yang baik di SMP Swasta Toby Bethlehem Medan. *Jurnal Peradaban Masyarakat*, 3(1), 33–35. <https://doi.org/10.55182/jpm.v3i1.226>
- Liana, L. (2021). The effects of servant leadership, organizational climate, and work motivation on teacher's performance in a level education centre. *Keloa Jurnal Manajemen Pendidikan*, 8(2), 134–146. <https://ejournal.uksw.edu/kelola/article/view/5117/1953>