



# Analysis of the Effect of Transformational Leadership on Job Performance, Trust in Leadership, and Innovative Work Behavior with Work Engagement as a Mediating Variable

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**Abstract.** This study discusses the role of leaders in controlling the pace of the organization towards the future with the aim of understanding awareness of environmental needs and preparing organizational change strategies. Leaders with a transformational leadership style can strengthen understanding and fairness in their subordinates and improve the quality of work life in the organization. This quantitative study uses primary data from 150 employees working in the company through an online questionnaire regarding the effect of transformation-oriented leadership on employee performance, innovative work behavior, and trust in leaders with work engagement as appropriate mediating variables in the transformation process and change management in the company to achieve the company's strategic vision. The data were analyzed using SEM PLS. The results of the research run over that Transformational Leadership has an influence on the research variables, namely Work Attachment, Trust in Leaders, and Innovative Work Behavior. However, the leader does not directly affect employee performance. Job Engagement and Transformational Leadership do not have a direct and significant effect on Job Performance. This means that job performance is strongly affected by Creative Work Behavior and Trust in Leaders in the organization when there is a change in leadership.

**Keywords:** Transformational Leadership · Work Engagement · Job Performance · Trust in Leadership · Innovative Work Behavior

## 1 Introduction

In organizational life, it is not only necessary to improve communication skills, but also to develop social skills and leadership in facing challenges in the work environment, especially in conditions of organizational change. These changes generally lead to the survival and development of organizations to compete in the global market. Organizational development by creating the role of leaders who can control the organization's pace towards the future, understand the awareness of the needs of elements within the organization, and prepare strategies that lead to the organization's vision, mission, and goals. Such a leader can be said to be a leader with transformational leadership [1].

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R. Hurriyati et al. (Eds.): GCBME 2022, AEBMR 255, pp. 1486–1495, 2024.

[https://doi.org/10.2991/978-94-6463-234-7\\_155](https://doi.org/10.2991/978-94-6463-234-7_155)

These leaders can strengthen an equitable understanding of their subordinates, treat them fairly and wisely, and improve the quality of work life in the organization, including the trust of subordinates in their leaders. Quality of work life also includes other things such as improvements in organizational culture that increase employee satisfaction and performance, influence the development of employee behavior in innovation, and express their ideas in significant company growth and the development of organizational culture. However, when viewed from a different point of view, perceptions of discrimination and injustice can have a demoralizing impact and reduce employee motivation and reduce their performance productivity [2].

The application of transformation can be implemented in a wide variety of scopes, including the transformation of a nation and state, the implementation of the transformation of the medium or smaller category is the transformation of organizations and even individuals [3]. In the implementation of organizational life, large and small-scale transformations always experience challenges and increasingly fierce competition both now and in the future, so the transformation aims to increase the organization's competitiveness. Transformation involves complex and simultaneous interactions. In the transformation process, various things will appear that can reflect future possibilities starting from changes in the systems used in the organization even at the transformation stage that involves many elements with a higher level of complexity [4].

When an organization faces difficult challenges and/or promising opportunities, then change alone is not enough. Transformation is also needed. Transformation demands fundamental changes in organizational identity and strategy, leadership and culture, practices and processes, products and services. Organizational transformation is a process of renewing itself for a sustainable future in a very complex and constantly changing environment [5]. The process of directing organizational members to develop themselves in the face of change is known as the organizational development process. This organizational development is vital for an organization because, in this modern era, it must be able to maintain its existence and be able to compete with other organizations. An organization is said to be successful if it can follow current developments and achieve the vision and mission of the organization [6].

The change will not happen without intervention. The success of change within the company also occurs because of the role of a leader. Leadership is at the core of a successful strategic plan, which is a significant factor in organizational success. To achieve this plan, an organization must focus on developing strategic leadership in an integrated manner in identifying and developing leadership from the present to the future that can align with the dynamics of the flow of change [7].

The purpose of this study is to examine the influence of transformational leadership within the company, especially in the ongoing transformation process, as well as how transformational leadership has a direct impact on job performance, trust in leadership, innovative work behavior, and work engagement. Transformational leadership is participatory leadership when leaders and followers work together to achieve a shared vision and mission. If we look at their track records with their individual characteristics,

Mahatma Gandhi and Nelson Mandela are just a few examples of transformational leaders that we can meet in the last century and a half. Leadership that aims to change organizational culture and structure ultimately demands personal transformation in developing personal qualities: self-awareness, empathy, and authenticity [1].

## 2 Methods

This research model was formed by modifying previous research that discusses the correlation between variables in this study. The first research that underlies this research is the research entitled “Transformational leadership and work engagement: Exploring the mediating role of structural empowerment”. This study aimed to investigate the mediating role of structural empowerment as having a positive relationship with transformational leadership and job involvement [8]. The source of the next article is research entitled “Transformational leadership and employee performance: The role of identification, engagement and proactive personality,” which examines the relationship between transformational leadership and employee performance, with the results stating that there is a positive correlation significant relationship between transformational leadership and employee performance [9]. The research entitled “High-performance work practices and hotel employee performance: The mediation of work engagement” is the basic source of further research where this study discusses the work involvement model as a mediator of the effects of high-performance work practices on performance. And extra customer service roles. The results of this study indicate that job involvement acts as a full mediator of the effect of high-performance work practices on employee performance and extra-role customer service [10].

Transformational leadership can lead to effective change. The study states that there is a significant positive correlation between transformational leadership and employee performance, so the hypotheses of this study are:

- H1: transformational leadership affects employee performance.
- H2: transformational leadership affects work engagement.
- H3: work engagement affects employee performance.
- H3a: work engagement mediates the effect of transformational leadership on employee performance.
- H4: transformational leadership affects trust in the leader.
- H5: transformational leadership influences innovative work behavior.
- H6: trust in the leader affects performance. H6a: trust in the leader mediates the effect of transformational leadership on employee performance.
- H7: Innovative work behavior affects performance.
- H7a: Innovative work behavior mediates the effect of transformational leadership on employee performance.

Data was collected through a preliminary survey and a self-administered survey method by distributing questionnaires via the internet (web-based questionnaire). The secondary data were obtained through a literature study of books, journals, and articles related to this research topic. In this study, the authors used 41 questionnaire items from the research of [8] regarding transformational leadership and work engagement, then the



**Fig. 1.** Conceptual research model

questionnaire items from the [10] study regarding performance, questionnaire items from the research of [4], regarding trust in leaders and questionnaire items from research by [11], regarding innovative work behavior. The use of questionnaires in data collection to examine and analyze the effect of independent variables, which include the effect of transformational leadership on performance, trust in leaders, and innovative work behavior with engagement. Work as a mediating variable with a total of 150 respondents (Fig. 1).

The calculation technique uses a Likert scale where the form of questions used uses the form of positive questions in the assessment category. The questionnaire uses a six-point Likert scale (1 = 'strongly disagree', 6 = 'strongly agree') to express a person's level of agreement or disagreement with a series of statements about the stimulus object (Malhotra et al., 2017). This research was analyzed using Structural Equation Modeling (SEM) using PLS 3.0 software.

### 3 Result and Analysis

#### 3.1 Demographic Analysis

The demographic profile of the majority of respondents is male (116, 77.4%) and in the age range between 30–40 years (109, 73%). The majority of respondents have a working period of 5–10 years (78, 51.8%) with the majority having higher education, namely Bachelors (98, 65%). The average monthly income ranges from Rp 10–30 million (130, 86.9%), with the majority position in staff positions (120, 76.9%) with married status (126, 83.9%). Most respondents did not experience a change of position after the transformation (83.555%).

#### 3.2 Measurement

Based on Table 1, most of the variables produce an Average Variance Extracted (AVE) value that is greater than 0.5. Thus, the indicator is declared valid to measure the dimensions or variables. For the Job Engagement variable, the AVE value is less than 0.5, which is because the measurement error is greater than the variance captured by the construct

**Table 1.** Average Variance Extracted (AVE)

Variable	Average Variance (AVE)	Result	Composite Reliability	Result
Transformational Leadership	0,632	Valid	0,963	Reliable
Work Engagement	0,478	Valid	0,863	Reliable
Job Performance	0,684	Valid	0,915	Reliable
Trust in Leadership	0,528	Valid	0,846	Reliable
Innovative Work Behavior	0,532	Valid	0,852	Reliable

and the validity of the individual indicators, as well as the construct in question [8]. This shows that the AVE is a more conservative measure so that the researcher can conclude that the convergent validity of the construct is valid/adequate [9].

Furthermore, it is found that the Composite Reliability value is greater than 0.7. Thus, based on the calculation of Cronbach's Alpha value and the Composite Reliability value, all indicators are declared reliable or consistent in measuring the variables. Significance testing is used to test whether there is an effect of exogenous variables on endogenous variables [12]. The test criteria state that if the T-statistics T-table (1.96) or the P-value < significant alpha 5% or 0.05, it means that there is a significant effect of exogenous variables on endogenous variables. The results of the significance and model testing can be seen in Table 2.

- H1 is Transformational Leadership has a t-statistic value of  $0.722 < 1.96$ , p-value  $0.471 > 0.05$ , and original sample 0.057 then H1 is rejected, meaning that transformational leadership has no direct and insignificant effect on employee performance.
- H2 is Transformational Leadership has a t-statistic value of  $12.196 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.706 then H2 is accepted, meaning that Transformational Leadership has a direct and significant effect on Work Engagement.
- H3 is Work Engagement with a t-statistic value of  $1.165 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.105, then H3 is rejected, meaning that Work Engagement has no direct and significant effect on Job performance.
- H4 is Transformational Leadership has a t-statistic value of  $7.592 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.587 then H4 is accepted, meaning that transformational leadership has a direct and significant effect on Trust in Leadership.
- H5 is Transformational Leadership has a t-statistic value of  $10.062 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.679 then H5 is accepted, meaning that Transformational Leadership has a direct and significant effect on Innovative Work Behavior.
- H6 is Transformational Leadership has a t-statistic value of  $5.700 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.453 then H6 is accepted, meaning that Trust in Leadership has a direct and significant effect on Job Performance.

**Table 2.** Summary of Hypothesis

Hypothesis	Statement	T-Value	Result
H1	There is a direct and significant influence of Transformational Leadership on Performance	0,722	Hypothesis Rejected
H2	There is a direct and significant influence of Transformational Leadership on Work Engagement	12,196	Hypothesis Accepted
H3	There is a direct and significant influence of Work Engagement on Performance	1,165	Hypothesis Rejected
H4	There is a direct and significant influence of Transformational Leadership on Trust in Leaders	7,592	Hypothesis Accepted
H5	There is a direct and significant influence of Transformational Leadership on Innovative Work Behavior	10,062	Hypothesis Accepted
H6	There is a direct and significant influence of Trust in Leaders on Performance	5,700	Hypothesis Accepted
H7	There is a direct and significant influence of Innovative Work Behavior on Performance	4,168	Hypothesis Accepted
H3a	Job engagement mediates the influence of Transformational Leadership on Performance directly and significantly	1,151	Hypothesis Rejected
H6a	Trust in Leaders mediates the influence of Transformational Leadership on Performance directly and significantly	4,502	Hypothesis Accepted
H7a	Innovative Work Behavior mediates the influence of Transformational Leadership on Performance directly and significantly	3,676	Hypothesis Accepted

- H7 is Transformational Leadership having a t-statistic value of  $4.168 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.366 then H7 is accepted, meaning that Innovative Work Behavior has a direct and significant effect on Job performance.
- H3a is Transformational Leadership has no direct and significant effect on performance if mediated by work engagement with a t-statistic value of  $1.151 > 1.96$ , p-value  $0.250 < 0.05$ , and original sample 0.248. So, it can be said that work engagement is not significant in mediating the influence of transformational leadership on employee performance.
- H6a is Transformational Leadership has a direct and significant effect on performance if mediated by Trust in Leaders with a t-statistic value of  $4.502 > 1.96$ , p-value  $0.000 < 0.05$ , and original sample 0.248. So, it can be said that Trust in Leaders is significant in mediating the influence of Transformational Leadership on employee performance.
- H7a is Transformational Leadership has a direct and significant effect on performance if mediated by Innovative Work Behavior with a t-statistic value of  $3.676 >$

1.96,  $p$ -value  $0.000 < 0.05$ , and original sample 0.248. Thus, it can be said that Innovative Work Behavior is significant in mediating the influence of Transformational Leadership on employee performance.

Based on the findings from the analysis in H1, the results of the study show that in organizational change and transformation in the company, a leader who has a transformational leadership style which has an understanding of the direction of the organization, understands his position in the future, says positive things. That can make employees proud, encourage everyone to change in various situations, behave considering the feelings of their employees and give appreciation for improving the quality of work that can have a direct and significant effect on employee performance.

Furthermore, in the H2 test, there is a significant effect between Transformational Leadership on Work Engagement, as well as the results of previous research by [8], which stated that transformational leadership is a significant predictor of work engagement. This type of leader will have an impact on the enthusiasm and pride felt by employees. For example, employees will give a positive response if there is an understanding that their leader issues strategic policies for their employees. The leader will be appreciated and respected by their employees. On the other hand, employees will also feel happy with the work they do every day. H3 test, in this study, it was found that work engagement did not directly affect performance, but it was different from previous research conducted by [10], which stated that work engagement directly had a significant effect on employee performance. So, it can be said that a strong work engagement will provide a guarantee that employees will also produce quality work and stand out from other employees.

In the H4 test in this study, it was found that Transformational Leadership has a direct and significant effect on Trust in Leaders, which is in line with the results of previous research conducted by [4] which states that there is a bond between transformational leadership and employee confidence in the leader. In creating a conducive work unit atmosphere, leaders with integrity and transparency can direct the company's optimal work ethic to give employees a deep trust in their reliable leader, especially in the transformation process. Such leaders need to be strongly supported in work programs and initiative projects related to performance. In the H5 test in this study, it was found that Transformational Leadership has a direct and significant effect on Innovative Work Behavior, which is in line with the results of previous research conducted by [11] that transformational leadership has a positive and significant effect on innovative work behavior. Leaders can positively and significantly influence their employees' behavior to continue trying new things and be effective in completing their work tasks. The influence on the employee's innovative behavior will be even greater and significant when employees have confidence in their leader, who is reliable and able to solve every problem in the work unit.

Furthermore, in the H6 test, in this study, it was found that Trust in Leaders has a direct and significant effect on employee performance which is in line with the results of previous research by [13], which states that there is a direct relationship between employee performance and trust significantly. Trust in leaders is the level of trust of employees in an organization towards the good intentions of its leaders, which will reflect the extent to which employees can trust the traits and attitudes of their leaders. In the H7 test, this study states that Innovative Work Behavior has a direct and significant effect

on employee performance which is in line with previous research, namely [14], which states that innovative work behavior has a direct and significant effect on performance. Management must work hard to improve employee performance through increasing employee work innovation. This is done so that leaders can classify employees and determine which parts of employees can be given the right job design so that it is in line with the transformation process. Designing jobs that are in accordance with the capacities, interests, and talents of employees can improve employee innovative work behavior because innovative work behavior can arise in employees who have self-initiative and implement it in the real world of work.

#### **4 Discussion, Conclusion, Limitation**

After doing the research and the analysis of the data, it can be concluded that the research results show that, in general, Transformational Leadership has an influence on the research variables, namely Work Engagement, Trust in Leadership, and Innovative Work Behavior. However, the leader does not directly affect employee performance. Work Engagement and Transformational Leadership do not have a direct and significant effect on Job Performance. However, performance will increase if it is influenced by Work Engagement and Transformational Leadership if mediated by Creative Work Behavior and Trust in Leadership. This means that employee performance is strongly influenced by Innovative Work Behavior and Trust in Leadership in the organization when there is a change in leadership. Work Engagement does not provide a strong mediation between Transformational Leadership and Job Performance. However, to improve good performance, Transformational Leadership is still mediated by Work Engagement.

The following part considers suggestions submitted for further research related to or having the same topic. This research has respondents from one corporate entity in the context of organizational change and transformation, with the dependent variable adjusted to the needs of different educational backgrounds and divisions. Future research can focus on respondents with a background specific to certain demographic group categories to facilitate a more precise analysis of the research. In addition, this research was conducted cross-sectional, where the data were collected at a specific time. Further research can use a longitudinal research design approach with research data retrieval carried out at two different times so that it can produce more detailed information related to the main research topic.

Moreover, provide the same understanding so that respondents do not answer with bias and are on target. In closing, this research was conducted using quantitative methods, and the researcher suggests that further research can be compared with qualitative methods in the form of interviews and one-time forum group discussions to obtain results from respondents with one understanding. This is expected to minimize deviations or errors in the research results so that the research time runs quite effectively and efficiently.

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