
TRANSFORMATIONAL LEADERSHIP'S IMPACT ON EMPLOYEE ENGAGEMENT: A STUDY OF FORMAL WORKERS IN GREATER JAKARTA

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ABSTRACT

This research analyzes the impact of Transformational Leadership on Employee Engagement. The data was collected from 119 workers who represented a population of formal workers in Greater Jakarta. Linear regression analysis were used to test hypothesis. The results show that Transformational Leadership has positive impact Employee Engagement. This finding provides further evidence for practitioners who aspire to get better employee performance through increasing Employee Engagement Level.

Keywords: *employee, engagement, leadership, transformational, organization, commitment*



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INTRODUCTION

The IMF forecasted that the world economy in 2025 will still be challenged by increasing geopolitical tensions. This situation put businesses in Indonesia in a position where they have to deal with challenges requiring companies/organizations to perform better to survive. One strategic alternative to be taken by companies/organizations to level up performance is increasing Employee Engagement level.

Employee Engagement has emerged as an important business driver (Bedarkar & Pandita, 2014). They also added that Employee Engagement has positive impact on employee morale and productivity and is considered as a reason for employees to remain in the Company. However, increasing Employee Engagement level is not an easy task for companies/organizations. There are key drivers required to be improved in order to level up Employee Engagement, namely communication, work-life balance and leadership (Bedarkar & Pandita, 2014).

Specifically, among various leadership concepts, Transformational Leadership is considered a positive leadership style that motivates employees to make their goals in line with company goals (Jauhari, Kumar, & Pandey, 2024). Moreover, several studies have tested the impact of Transformational Leadership on employee performance. For example, Transformational Leadership has a positive impact on radical creativity (Jauhari et al., 2024), trust between employees and organizational commitment (Jauhari et al., 2024). Almost all concepts mentioned above, like motivation, employee performance and organizational commitment are closely related to Employee Engagement. Thus, it triggers a notion that Transformational Leadership has something to do with Employee Engagement.

The important role of Employee Engagement as a business driver and employee productivity has become the main reason to conduct a study on the impact of Transformational Leadership on Employee Engagement. Thus, the formulation of the problem to be answered in this research is as follows: Does Transformational Leadership positively impact Employee Engagement ?

RESEARCH METHODS

This research used quantitative method with associative nature and used primary data collected by administering questionnaires with a Likert scale. Furthermore, the population in this

study are formal workers with a minimum of bachelor's degree who work in Greater Jakarta. Next, this study determined a minimum sample size of 77 people by conducting power analysis assisted by the G*Power application.

Variables in this research consist of 1 independent variables, namely Transformational Leadership (X) and 1 dependent variable, namely Employee Engagement (Y). These variables will be measured using the following instruments:

1. Multifactor Leadership Questionnaire by Bruce Avolio & Bernard Bass (to measure respondents' perceptions of Transformational Leadership).
2. Aon Hewitt Six-Item Employee Engagement Index (to measure respondents' perceptions of Employee Engagement).

Validity and reliability tests have been carried out on 37 items in the questionnaire. The result of the validity test shows that all items in the questionnaire have a higher r-calculated value than r-table value, so it can be inferred that items in the questionnaire are valid for measuring research variables. Meanwhile, the result of the reliability test produced a Cronbach Alpha of 0.85 for the Employee Engagement items and 0.95 for the Transformational Leadership items. Thus, it can be concluded that all items in the questionnaire used in this research are reliable in measuring research variables.

Furthermore, to test the hypothesis, this research used linear regression test, coefficient of determination test, simultaneous significant test and t test. Linear regression test will be conducted with the following model:

$$Y = a + bX$$

Information :

Y = Dependent Variable (Employee Engagement)

X = Independent Variable (Transformational Leadership)

a = Constant

b = Regression coefficient (value of increase or decrease)

RESULTS AND DISCUSSION

Results

This research collected data from 119 respondents who were private employees (57%) and civil servants (43%). Respondents consisted of 62% men and 38% women, most of whom were aged 25 to 45 years. In addition, the majority of respondents work in DK Jakarta (53%) followed by respondents who work in South Tangerang (45%). Apart from that, the data quality test indicated that the data was normally distributed and there were no symptoms of heteroscedasticity or multicollinearity.

The results of the linear regression test can be seen in the following table:

Table of Regression Test Results on the Impact of Transformational Leadership (X) on Employee Engagement

Variable	Coefficient	t-Value	p-Value	
X	0.1722	9.64	0.000	***

Adj R-squared 43.78%

Prob F-stat 0.0000

***Significant at the 0.01 level

**Significant at the 0.05 level

*Significant at the 0.10 level

The results show that the t-calculated figure was 9.64 > from the t-table figure of 2.345 with a significance figure of 0.0000 < $\alpha = 0.01$. Thus, H₁: Transformational Leadership has positive impact on Employee Engagement is accepted.

DISCUSSION

These finding supports the statement of Jauhari et al (2024) that among various leadership styles, Transformational Leadership is considered a positive leadership style that motivates employees to make their goals in line with company goals. This result is also in line with other findings that Transformational Leadership has a positive impact on radical creativity (Jauhari et al., 2024), trust between employees and organizational commitment (Jauhari et al., 2024).

Moreover, there are many more studies found to have connection with the result above. Buil et al. in Jauhari et al. (2024) stated that Transformational Leadership will encourage employees to engage and identify themselves with the company's brand which will then improve their performance. Meanwhile, Yang et al. in Jauhari et al. (2024) emphasized that Transformational Leadership encourages employees to unite with the company/organization which will positively result in higher performance. Jauhari et al. (2024) himself found that Transformational Leadership has a positive influence on employee performance and behavior in serving customers. Jauhari et al. (2024) also concluded that Transformational Leadership can encourage employees to experience emotional closeness to the company/organization, which is very important to drive higher performance. Considering these findings, it can be understood if this study proved that Transformational Leadership positively impacts Employee Engagement.

Furthermore, regarding the relationship between Transformational Leadership and Employee Engagement, an empirical study by Noraazian and Khalip in Hermanto et al. (2024) shows that there is a positive relationship between Transformational Leadership and organizational commitment. Meanwhile, Widodo et al. in Hermanto et al. (2024) found that organizational commitment can be increased through visionary leadership. Meanwhile, organizational commitment (Hermanto et al., 2024) explains the relationship between employees and the company/organization. An employee who has a high commitment to the company/organization will show loyalty to the company/organization so that the employee will try their best to contribute to achieving the goals of the company/organization. Organizational commitment includes employee behavior and attitudes related to the company/organization and is often described as employee loyalty (Hermanto et al., 2024). If an employee works for the company/organization and its goals and he/she wishes to remain a member of the company/organization, then it can also be called organizational commitment (Hermanto et al., 2024). Hermanto et al. (2024) then also defines organizational commitment as a strong desire to remain a member of the company/organization, the desire to strive to achieve the company's goals and the belief and acceptance of the values and goals of the organization. Thus, it can be concluded that these findings also explain the result of this study because the definition of organizational commitment is closely related to one of the indicators of Employee Engagement, namely Stay.

CONCLUSION

This research proved empirically that Transformational Leadership has positive impact on Employee Engagement.

Research Implications for Science

From scientific perspective, these findings add to the understanding of the dynamics in relationship between leadership and concepts that have important role in the success of an organization. Furthermore, there are still a lot of key drivers of Employee Engagement which have not been covered in this research. Therefore, the result of this research can be a basis for further research to further examine the impact of other drivers on Employee Engagement or other concepts related to organizational citizenship behavior and organizational commitment.

Moreover, the research results that Transformational Leadership impacts Employee Engagement provide insight for further research to examine the dynamics in the relationship between leadership and Employee Engagement. So far, researchs on leadership is still limited to the relationship between leadership and other organizational dynamics such as job satisfaction,

organizational citizenship behavior, organizational commitment or organizational performance. Additional research are required to look at the relationship between leadership and Employee Engagement. Therefore, this research should encourage further research to explore the dynamics in this relationship.

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