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## Does Employee Empowerment as a Mediating Variable the Linking of Transformational Leadership on Employee Performance?

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### Abstract

*This study aims to investigate whether employee empowerment (EE) as a mediator variable of the mechanistic pathway of transformational leadership (TL) influences employee performance (EP). A quantitative method was employed. The samples were 109 employees of regional companies in Magetan City, East Java and were collected from questionnaires. SEM-PLS was employed for data analysed. The results showed that transformational leadership directly affects employee performance. Work motivation has a role as a mediator variable from transformational leadership mechanisms to employee performance. Meanwhile, employee empowerment does not have a role as a mediator variable in the path of transformational leadership mechanisms on employee performance. The mediating role of employee empowerment in the mechanistic pathway is still contradictory. Therefore, the investigation of employee empowerment as a mediator variable in the mechanism is still recommended for future research.*

*Keywords— Employee Empowerment; Employee Performance; Transformational Leadership; Work Motivation*

### Abstrak

Penelitian ini bertujuan untuk melakukan investigasi apakah pemberdayaan karyawan memiliki peran sebagai variabel mediator pada mekanisme jalur pengaruh kepemimpinan transformasional terhadap kinerja karyawan. Penelitian ini menggunakan metode kuantitatif. Jumlah sample sebanyak 109 karyawan perusahaan daerah di Kota Magetan, Jawa Timur dan dikumpulkan dari kuesioner. SEM-PLS digunakan untuk analisis data. Hasil penelitian menunjukkan kepemimpinan transformasional terhadap kinerja karyawan secara langsung. Motivasi memiliki peran sebagai variabel mediator pada mekanisme pengaruh kepemimpinan transformasional terhadap kinerja karyawan. Sedangkan pemberdayaan karyawan tidak memiliki peran sebagai variabel mediator pada mekanisme jalur kepemimpinan transformasional terhadap kinerja karyawan. Peran mediasi pemberdayaan karyawan pada jalur mekanisme tersebut masih menjadi kontradiksi. Oleh karena itu, peran variabel pemberdayaan karyawan sebagai variabel mediator masih direkomendasikan untuk penelitian yang akan datang.

*Kata kunci— Pemberdayaan Karyawan; Kinerja Karyawan; Kepemimpinan Transformasional; Motivasi Kerja*

## I. INTRODUCTION

Human resources have a strategic role in achieving the organization's goals as the essential resource of management function (Rivai, 2004). The quality of human resources determines the extent of success and failure that will be achieved by the company, one of which is through its performance. The performance of local water company employees is an essential factor in providing services to stakeholders. The presence of clean water is hope for all Indonesian people. One of them can be obtained through the Regional Drinking Water Company (PDAM). Regional Water Company is Local Owned Enterprises (BUMN) that acts organized supplier of drinking water to improve the community's welfare that includes social, economic, and public services. The regional drinking water company has been faced with many challenges.

Improving employee performance is the responsibility of the employee alone and the responsibility of management. The performance of a group will depend on its leadership style (Ivancevich et al., 2007). The right

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leadership style will increase employee performance. This leadership style is a form of behaviour to influence others (Ardana et al., 2012). Employee performance has a positive relationship with transformational leadership (Khan et al., 2020). Rita et al. (2018) show that transformational leadership (TL) has a positive effect on employee performance –employee performance- (EP). TL is leadership that can invoke moral values from followers to increase their awareness of ethical issues and mobilize their energy and resources to reform institutions (Yukl, 2005). Transformational leadership can improve employee performance (Adiwantari et al., 2019; Cahyani & Siswanto, 2019; Jnaneswar & Ranjit, 2020; Obuobisa-Darko, 2020; Patiar & Wang, 2016; Rita et al., 2018).

Work motivation (WM) is also one of the essential factors in improving employee performance. Motivation has a close relationship with performance. The existence of motivation will trigger employees to work harder to affect the company in achieving its goals (Rivai, 2004). Turachma & Hendarsjah (2021) found that extrinsic motivation influenced employee performance. The higher the motivation in employees, the better the performance it produces. Furthermore, several research results show that motivation significantly affects employee performance (Al-Musadieq et al., 2018; Chien et al., 2020; Jnaneswar & Ranjit, 2020; Tan et al., 2007).

Empowerment is a practical and productive effort for ourselves and employees to provide the best things, starting from the delegation of tasks, authority in decision making (Strathern & Stewart, 2004). The existence of employee empowerment (EM) will generate stimulation for employees to bring out all their potential to improve their performance. Some studies show that employee empowerment affects employee performance (Choi, 2020).

One of the essential factors supporting employee empowerment is leadership (Al-Asoufi & Akhorshaideh, 2017). Transformational leadership correlates with employee empowerment. Transformational leadership has a positive effect on employee empowerment (Saira et al., 2020). Transformational leadership increases employee empowerment (Al-Asoufi & Akhorshaideh, 2017; Gyensare et al., 2017; Hai et al., 2020).

This study aims to investigate the effect of transformational leadership (TL) on employee performance (EP) through work motivation (WM) and employee empowerment (EE). Many studies show that TL affects EP. However, Lutfi & Siswanto (2018) show that transformational leadership has no significant effect on employee performance. Several studies also show the mediating role of EE, but several empirical studies also show a contradictory role (Bose & Emirates, 2018; Kibirige & Berberoglu, 2020).

## II. LITERATURE REVIEW

### A. Transformational leadership (TL)

Transformational leadership (TL) is a form of leadership that can call out the moral values of its followers to increase their awareness of ethical issues and mobilize existing energy and resources, which in turn can reform institutions (Yukl, 2005) TL can change awareness, raise enthusiasm, and inspire subordinates to bring out their abilities to achieve organizational goals without any coercion and pressure (Nawawi, 2003). Transformational leaders always try to make changes and achieve extraordinary goals (Lensufiie, 2010; Luturlean et al., 2018; Ravazadeh & Ravazadeh, 2013). Furthermore, Luturlean et al. (2018) stated that transformational leadership significantly contributes to employee and organization.

TL has four dimensions: idealized influence, individualized consideration, inspirational motivation, and intellectual stimulation (Avolio & Bass, 2004; Den Hartog et al., 1997). Idealized influence refers to the actions and charisma displayed and carried out by the leader, whether subordinates consider the leader as confident, solid, and other things, and whether the leader is considered focused on the company's ideals and goals. Individualized consideration refers to how leaders provide encouragement and support to followers, such as positive energy, emphasizing goals and projecting their vision, advising, paying attention, and providing for their subordinates' needs. Inspirational motivation, Leaders can inspire their subordinates with their achievements and capacities. Leaders also always discuss the vision, mission, and future expectations to stimulate subordinates to have a real commitment to achieving them. Intellectual stimulation provides a stimulus to provide his subordinates with new, creative perspectives, innovations, and complex problems or others.

### B. Employee performance (EP)

EP is one of the work attitudes that gets much attention from scientists and researchers because of its contributions (Jankingthong & Rurkkhum, 2012; Rabbanee et al., 2015). Therefore, opinions about the understanding of employee performance are also very varied. Rivai (2004) suggests that EP is a behaviour in a person as an achievement resulting from that person in carrying out his role in the company. EP is measured by the quality and quantity of work (Mangkunegara, 2005). Furthermore, there are four dimensions of EP: quality of

output, a quantity of output, timeliness, and work presence (Mathis & Jackson, 2006). Quality of output, result of what is done by these employees, will improve their performance, either in the form of perfection, skills, and employees' abilities in fulfilling the task. Quantity of output is the extent to which employees can complete the tasks assigned to them. Timeliness, related to how long it takes to complete the work, can be seen from the results of the current output with the availability of available time, presence at work, is the level of employee attendance at work.

### *C. Work motivation*

Work motivation (WM) reflects the desire, drive and passion that flows out of a resulting someone was to act (Mathis & Jackson, 2006). The existence of WM will create a morale boost (Ardana et al., 2012). Motivation is a concept that has attracted the attention of multidisciplinary experts. WM is a series of values and attitudes that are invisible that can influence and encourage individuals to achieve their goals (Rivai, 2004). One of the theories of motivation is Maslow's theory of five hierarchies, namely physiological needs, safety needs, social needs, esteem needs, self-actualization (Neher, 1991).

Physiological needs are basic needs such as clothing, food, shelter. This physiological need is very close to individual survival. Safety needs are the desire to avoid unwanted things from their threats, and their protection is the desire for each individual. Social needs are the needs to be involved and connected to their social environment. Social needs me to appear not it wishes to be constantly in touch with other people, the need for a sense of belonging, the need to accept and be accepted in a group or organization, needs love, and be loved by a desire to affiliation. Esteem needs every effort made by someone with the hope and desire to be appreciated and seen as essential to be respected by others. The need for self-actualization is the highest human need in the hierarchical level and wants to assess and criticize something. The need to express opinions and ideas, essentially self-actualization, encourages humans to always do their best in themselves (Cao et al., 2013).

### *D. Employee empowerment*

Employee empowerment (EE) is a process where organizational management uses the benefits of the ideas, energy, and knowledge available to its employees. Activities to improve EE through training activities, encouraging employees to be creative in their interest in their work and involvement in decision making (Al-Asoufi & Akhorrhaideh, 2017). Efforts to improve employee performance by growing EE, because EE can trigger the growth of creativity, motivation and innovation of employees in carrying out their duties and obligations, with the implementation of employee empowerment will improve employee performance (EP) so that the company can achieve its goals well (Pragiwani et al., 2018). Several studies have shown positive implications of EE on EP. Several research results have shown that employee empowerment can improve employee performance (Ali et al., 2019; Baird et al., 2020; Du et al., 2016; Pattnaik & Sahoo, 2020; Wei et al., 2010).

EE is a practical and productive effort for ourselves and employees to provide the best things, starting from delegating tasks, authority in decision-making, and the whole delegation of responsibilities (Strathern & Stewart, 2004). Some indicators of EE, among others; giving authority to an employee, employee independence, the autonomy of employee, autonomy of employee, trust to an employee, drive to do the best, drive to do the best, knowledge sharing to the employee, appreciation to employee (Sударusman, 2004). Autonomy, authority, trust and encourage individuals to develop legislation to the benefit of task completion. Empowerment certainly provides an opportunity for employees to increase their creativity, flexibility and autonomy concerning their work. Empowerment can provide control in employee performance and overcome the work stress they experience. Empowerment also raises employee creativity and productivity. In essence, empowerment has a significant role in increasing employee participation effectively and maximally in doing things in a good way (Suryadewi et al., 2014).

### *E. Transformational leadership (TL) and employee performance (EP)*

EP is a refreshing work attitude for performance organizations because it has a significant contribution to stakeholders. Therefore leaders have an essential role in increasing EP. EP has a positive relationship with TL (Khan et al., 2020). Rita et al. (2018) show that transformational leadership has a positive effect on employee performance. Transformational leadership can improve employee performance (Adiwantari et al., 2019; Jnaneswar & Ranjit, 2020; Obuobisa-Darko, 2020; Sanjiwani & Suana, 2016). Some of these empirical studies show the effect of TL with EP.

Pattnaik & Sahoo (2020) stated that EP is leadership with an approach that makes efforts to change awareness, raise enthusiasm, and inspire subordinates to bring out their abilities to achieve EP. Transformational leaders have an essential role in a company, especially in increasing EP (Gui et al., 2021). Based on these theoretical and empirical arguments, we hypothesize the following:

**H1:** TL has a positive effect on EP.

*F. Transformational leadership (TL), work motivation (WM), employee empowerment (EE), employee performance (EP)*

Leadership has an essential role in motivating employees to improve employee performance (Barbuto & Gifford, 2012). WM is an important variable to encourage someone to take action that directs it, and it depends on the toughness of the manager (Ardana et al., 2012). Several research results show that TL affects WM (Baskoro et al., 2015; Nardo et al., 2019).

WM has a close relationship with EP (Güngör, 2011; Rita et al., 2018; Shahzadi et al., 2014). The existence of motivation can trigger employees to work harder, so it will affect employee performance (Rivai, 2004). The study is in line with several studies that show that work motivation significantly affects employee performance (Abdi Mohamud et al., 2017; Chien et al., 2020; Sari et al., 2019; Tan et al., 2007). Thus, the higher the motivation that exists in employees, the higher the employee performance it produces. In addition, several studies have shown the role of motivation as a mediating variable (Güngör, 2011; Khan et al., 2020; Nardo et al., 2019). Based on these theoretical and empirical studies, we hypothesize the following.

**H2:** TL has a positive effect on EP through WM.

Leadership and empowerment are closely related. One of the essential factors that support the success of empowerment is a leadership style (Al-Asoufi & Akhorshaideh, 2017). A leader in the manner and behaviour of the show leader influences others (Ardana et al., 2012). The exemplary leadership will create good employee empowerment. Handoko & Tjiptono (1996) suggested that transformational leadership is equally as involving subordinates in a change, with a variety of managerial ways, they can empower subordinates to convince the existing capabilities in themselves (Handoko & Tjiptono, 1996).

TL correlates with EE. TL has an influence on EE (Gyensare et al., 2017; Hai et al., 2020; Saira et al., 2020). One of the factors that increase EE is TL. Several studies have shown that TL has a positive effect on EE (Al-Asoufi & Akhorshaideh, 2017; Gyensare et al., 2017; Hai et al., 2020). Some research results also show that employee empowerment can improve employee performance (Ali et al., 2019; Baird et al., 2020; Du et al., 2016; Pattnaik & Sahoo, 2020; Wei et al., 2010). EE is an increased autonomy and responsibility to employees to be creative and involve them in decision-making (Al-Asoufi & Akhorshaideh, 2017). Employee empowerment is an important variable to improve employee performance. The implementation of employee empowerment positively affects employee performance, as shown by other researchers (Al-bdareen, 2020; Choi, 2020; Degago, 2014; Fernandez & Moldogaziev, 2011; Meyerson & Dewettinck, 2012; Wulandari & Widiartanto, 2019).

EE has an essential role as a mediating variable of the mechanism of the relationship of TL to EP (Obuobisa-Darko, 2020) and several other work attitudes (Gyensare et al., 2017). Although, several other research results show that employee empowerment on employee performance has a contradictory role (Bose & Emirates, 2018; Kibirige & Berberoglu, 2020). Based on these theoretical and empirical studies, we hypothesize the following.

**H3:** TL has a positive effect on the EP through EE.

### III. RESEARCH METHODOLOGY

#### A. Sample

The population of this study are employees of the Magetan Regional Company, East Java. The sampling technique uses non-probability sampling with an accidental sampling approach. Based on the sample calculation using the slovin formula, the sample is known to be 109 employees. The characteristics of the research sample were classified by gender, level of education and years of service. Sample research man is amounted to 67 (61%), while women were 42 (39%). Based on education level, respondents have a high school education 91 (84%), undergraduate education as much as 14 (13%), Diploma as much as 2 (2%) and SMP as much as one

person or (1%). Respondents work less than ten years 21 (19%), length of employment for 11-15 years as many as 40 (37%), the service life of 16-20 years as many as 35 (32%), and future 13 (12%).

### B. Measurement

This research instrument uses a Likert scale, a scale used to measure attitudes, perceptions, and opinions of a person or group towards social events and circumstances. The Likert scale measures respondents' answers based on strongly agree (5) to disagree (1) strongly. This research questionnaire is closed answering.

Four dimensions measure the TL variable: idealized influence, individualized consideration, inspirational motivation, and intellectual stimulation (Avolio & Bass, 2004; Bass, 1985; Den Hartog et al., 1997). Five indicators measure variables measured by WM in Maslow's five hierarchy of needs: physiological needs, safety needs, social needs, esteem needs, and self-actualization (Neher, 1991). Seven indicators measure the EE variable, namely giving authority to the employee, employee independence, the autonomy of employee, autonomy of employee, trust to the employee, drive to do the best, drive to do the best, knowledge sharing to the employee, appreciation to employee (Sударusman, 2004). Meanwhile, the EP variable consists of four indicators: quality of output, a quantity of output, timeliness, and work presence (Mathis & Jackson, 2006).

### C. Data analysis

This study uses a quantitative approach with an emphasis on theory testing through variable measurement. This type of research is explanatory, namely, testing the hypothesis between the hypothesized variables (Walliman, 2010). Data analysis using SEM- PLS. Partial Least Square (PLS) analysis is a multivariate statistical technique that performs multiple comparisons between the dependent and multiple independent variables (Hair Jr et al., 2014).

There are several advantages of PLS, among others; 1) modelling many of the dependent and independent variables, 2) managing problem multicollinearity between independent variables, 3) produce variable latent independent directly based cross-product involving dependent latent variable predictive power, 4) used the formative construct and reflective, 5) used on small sample size, 6) do not require the data for normal distribution, 7) can be used on a different scale data (Chin, 2010).

## IV. RESULT / FINDING

### A. Mean, standard deviation, correlation and reliability of variable

Table 1 presents the results of the descriptive statistical analysis of each research variable. The average value of respondent's perceptions of high research variables ranged from 4.35 to 4.50 (TL = 4.50, EE = 4.35, WM = 4.38, EP = 4.37). Meanwhile, the standard deviation scores ranged from 0.58 to 0.65 (TL = 0.60, EE = 0.62, WM = 0.58, EP = 0.65).

**Table 1.** Means, Standard Deviations, Cronbach Alpha, and AVE among Variables

Variable	mean	SD	$\alpha$	CR	(1)	(2)	(3)	(4)
(1) Transformational leadership (TL)	4.50	0.60	0.75	0.85	(0.53)			
(2) Employee empowerment (EE)	4.35	0.62	0.88	0.89	0.44 ***	(0.54)		
(3) Work motivation (WM)	4.38	0.58	0.87	0.88	0.42 ***	0.91 ***	(0.52)	
(4) Employee Performance (EP)	4.37	0.65	0.86	0.89	0.59 ***	0.71 ***	0.77 ***	(0.53)

\*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

Notes:  $\alpha$  = Cronbach 's alpha; CR= Composite reliability; AVE shown in parentheses

Each variable has a positive and significant correlation at a probability value of less than 0.1%. Cronbach's alpha values showed values ranging from 0.75 to 0.88 (TL = 0.75, EE = 0.88, WM = 0.87, EP = 0.86). Therefore, the value of each variable is reliable ( Hair Jr et al., 2006). The results of the composite reliability test (CR) showed a value between 0.85 to 0.89 (TL = 0.85, EE = 0.89, WM = 0.88, EP = 0.89). A CR value of more than 0.7 indicates that the reliability of the variable construct indicator is good (Hair Jr et al., 2014).

**Table 2.** Values of Convergent Validity

Variable	Indicator	Items	Loading factor	Validity
	Idealized Influence	X11	0.74	Yes

Transformational leadership (TL)	Inspirational Motivation	X21	0.75	Yes
		X22	0.77	Yes
	Intellectual simulation	X31	0.76	Yes
	Individualized consideration	X41	0.71	Yes
	Quantity	Y11	0.74	Yes
		Y21	0.77	Yes
		Y22	0.70	Yes
		Y31	0.79	Yes
		Y32	0.70	Yes
		Y41	0.70	Yes
		Y42	0.79	Yes
		Z111	0.78	Yes
		Z112	0.78	Yes
		Safety needs	Z121	0.79
	Z131		0.74	Yes
	Z132		0.76	Yes
	Esteem needs	Z141	0.76	Yes
		Z151	0.79	Yes
	Self- Actualization	Z211	0.71	Yes
	Giving authority to an employee	Z221	0.85	Yes
	Employee independence	Z231	0.76	Yes
	Autonomy of employee	Z241	0.78	Yes
	Trust to employee	Z251	0.72	Yes
Drive to do the best	Z261	0.66	Yes	
Knowledge sharing to employee	Z271	0.65	Yes	
Appreciation to employee				

Table 1 also shows the results of the convergent validity test, namely Average Variance Extracted (AVE). AVE value ranging between 0.52 to 0.54 shows that all variables are valid for more than 0.5 (Chin, 2010). Table 2 shows the convergent validity value based on the loading factor value of each latent variable indicator above 0.7, so all of these indicators are valid (Chin, 2010).

### B. Model fit

Several indicators assess model fit: average path coefficient, average R-square, and average full collinearity VIF (Kock, 2011; Sholihin & Ratmono, 2021). The fit indices model analysis results show that the average path coefficient (APC) indicator is 0.37, the probability value is less than 0.1% to meet the recommended value. Likewise, the average R-square (ARS) value is 0.60 ( $p < 0.001$ ), and the average adjusted R-Square (AARS) is 0.35 ( $p < 0.001$ ) so that it meets the specified criteria (Kock, 2011). The average total collinearity VIF value also follows the recommended value of less than 5 (AFVIF=4.34).

**Table 3 . Model Fit**

Index	Model values	Recommended value
Average path coefficient (APC)	0.37; $P < 0.001$	P value $< 0.05$
Average R-squared (ARS)	0.36; $P < 0.001$	P value $< 0.05$
Average adjusted R-squared (AARS)	0.35; $P < 0.001$	P Value $< 0.05$
Average full collinearity VIF (AFVIF)	4.34	acceptable if $\leq 5$

Table 4 shows the results of the PLS analysis to test the research hypotheses. H1 examines the effect of transformational leadership (TL) on employee performance (EP). The results of PLS analysis indicate where transformational leadership (TL) affect employee performance ( $\beta = 0.32, p < 0.001$ ). Thus, H1 is fully supported.

**Table 4. PLS Result and Path Coefficient**

latent variables	Coefficient
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	direct effects	Indirect effects	total effect
Transformational leadership (TL) > employee performance (EP)	0.32***	-	-
Transformational leadership (TL) > work motivation (WM)	0.44***	-	-
Work motivation (WM) > employee performance (EP)	0.57***	-	-
Transformational leadership (TL) > employee empowerment (EE)	0.45***	-	-
Employee empowerment (EE) > employee performance (EP)	0.06	-	-
Transformational leadership (TL) > WM > EP	-	0.25**	0.57** *
Transformational leadership (TL) > EE > EP	-	0.03	0.35

\* p<0.05; \*\* p<0.01; \*\*\* p<0.001

Notes: TL= Transformational leadership; EP= Employee performance; WM= Work motivation; EE= employee performance

H2 examines the effect of transformational leadership on employee performance through work motivation. The analysis results show that transformational leadership indirectly affects employee performance through work motivation ( $\beta = 0.25$ ,  $p < 0.01$ ). Thus, H2 is fully supported. H3 examines the effect of transformational leadership on employee performance through employee empowerment. The analysis showed that transformational leadership does not affect employee performance through variable employee empowerment ( $\beta = 0.03$ ,  $p > 0.05$ ). Thus, H3 is not supported.

## V. DISCUSSION

The purpose of this study was to investigate the path mechanism effect of transformational leadership (TL) on employee performance (EP) directly and whether the employee empowerment (EE) and work motivation (WM) has a role as a mediator variable in mechanism lines such. The analysis of the data in Table 4 shows that the TL influences employee performance directly ( $\beta = 0.32$ ,  $p < 0.001$ ). TL has a positive influence on EP, meaning that the higher the transformational leadership, the higher the employee performance. Transformational leadership can change awareness, raise enthusiasm, and inspire followers to achieve organizational goals without coercion and pressure (Nawawi, 2003). Transformational leadership has an essential role in improving its performance. The results of this study are in line with previous studies showing that transformational leadership affects employee performance (Adiwantari et al., 2019; Cahyani & Siswanto, 2019; Jnaneswar & Ranjit, 2020; Obuobisa-Darko, 2020; Patiar & Wang, 2016; Rita et al., 2018; Sanjiwani & Suana, 2016).

The transformational leadership variable in this study consists of 4 indicators, namely idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Based on the value of the loadings factor, the inspirational motivation indicator is the highest, with an item value of 0.77. So this indicator of inspirational motivation is the most dominant in shaping transformational leadership variables. Meanwhile, employee performance consists of 4 indicators: quantity, quality, timeliness, and presence at work. Based on the value of the loadings factor indicator, timeliness and presence at work are the highest, with a value of 0.79, so that the indicators of timeliness and presence at work are the most dominant in shaping employee performance variables.

The study results indicate the importance of transformational leadership in improving the performance of local company employees in Magetan, East Java. Leadership in this area, the company provides command, paying attention to employees. The leader solves the problem with the intellectual stimulation and charisma of the leader. Therefore, transformational leadership applies can improve the performance of his employees.

TL influence on employee performance through EM ( $\beta = 0.44$ ,  $p < 0.001$ ). Transformational leadership has characteristics where a leader is a role model, motivates, and inspires followers (O'Reilly & Chatman, 2020; Reid, 2020; Sanjaya & Baharuddin, 2014). The results are that transformational leadership (TL) can increase employee motivation (EM). The results of this study are in line with the research of Baskoro et al. (2015) and Nardo et al. (2019), which show that transformational leadership has a positive effect on employee motivation.

Furthermore, EM effect on the EP ( $\beta = 0.57$ ,  $p < 0.001$ ). One of the factors that can affect the achievement of maximum performance is motivation (Mangkunegara, 2005). The results of the indirect effect analysis in Table 4 also show that EM acts as a mediator variable in the mechanistic pathway of the relationship between TL and EP. These results represent that transformational leadership that is applied with good work motivation will

improve employee performance. The phenomenon in the research object describes that leaders and companies provide a comfortable working environment, good employee relations, rewards, and career paths for employees to match the salary received. The mediating role of EM in this mechanistic pathway is in line with several previous studies (Güngör, 2011; Khan et al., 2020; Nardo et al., 2019).

TL has a positive influence on EE ( $\beta = 0.45, p < 0.001$ ). However, EE has no effect on the EP ( $\beta = 0.06, p = 0.27$ ). Table 4 PLS analysis results of the test showed that the indirect effect TL does not affect the EP through EE ( $\beta = 0.03, p > 0.05$ ). This study shows that EE does not have a role as a mediator variable in the relationship between TL and EP (Hair Jr et al., 2016). The results of this study are in line with several previous studies (Bose & Emirates, 2018; Kibirige & Berberoglu, 2020) but differ from several other studies (Al-bdareen, 2020; Wulandari & Widiartanto, 2019). EE cannot increase EP significantly. Although TL can increase EE because TL emphasizes empowerment through self-concept in managing followers (Nawawi, 2003), EE cannot increase EP. With the provision of authority and responsibility, the trust between leaders and employees in this company has not improved employee performance.

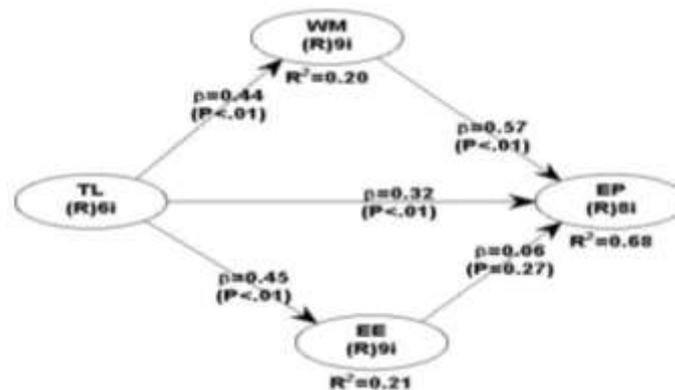


Figure 1. Result of PLS.

## VI. CONCLUSION AND RECOMMENDATION

TL has a significant positive effect on EE. Transformational leaders give orders, take care of organizational problems, pay attention to employees, solve problems through intellectual stimulation to increase EP. The result shows that the better the TL applied in the company will increase the EP. TL has a significant positive effect on EP through WM. Transformational leaders who provide a comfortable work environment, establish good relationships with employees, provide rewards, and pay attention to employee career paths will improve the performance of the company's employees. That is, WM has a role as a mediator variable. Transformational leadership does not affect EP through EE. Authority and autonomy granting on the TL relationship with the EP have not yet become a mediator of the relationship.

Based on the study results, there are several suggestions: company leaders must continue applying TL and developing work motivation to increase EP. Meanwhile, in the context of regional companies, TL has not been able to increase EE. Regional companies are regionally owned enterprises, where there is local government intervention in the organization's management. This intervention is also sometimes related to human resource management systems, such as recruitment and selection systems. Therefore, to obtain human resources with more creativity and autonomy, these regional companies should be managed more independently and professionally.

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