

WORK ENGAGEMENT AS MEDIATION THE EFFECT OF EMPOWERMENT AND TRANSFORMATIONAL LEADERSHIP TO EMPLOYEE PERFORMANCE

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Abstrak

This study intends to investigate the link between Gen Z workers in Malang City and Empowerment and Transformational Leadership, as well as the mediating function of Work Engagement in this relationship, in order to identify the impact of these factors on Employee Performance. The methodologies utilised in this investigation are quantitative. The study's population consists of one hundred seventy persons from generation Z who work in Malang City. Questionnaires were utilised to collect data, which was then analysed using PLS techniques and SmartPLS version 3. This study found that empowerment and transformational leadership had no meaningful effect on employee performance. The relationship between empowerment and transformative leadership and employee performance may be mediated, in part, by job engagement, but in a more indirect and significant manner.

INTRODUCTION

Performance is an employee performance standard that has been achieved and contributed to the organization. This allows managers and leaders to focus on improving employee performance and increasing the success rate of the organization. (Komaling et al., 2023). So one thing you can do to increase productivity by empowering your employees. Employees have the right to be empowered by the organization and will develop leadership and responsibility in organizational development. (Surono & Rozak, 2017).

Empowering employees is essential to improving organizational performance. Because empowering employees improves performance. (Ratnasari et al., 2019). Based on Abualoush et al., (2016) Employee Empowerment is a way to strengthen or increase the ability of an institution to develop, increase and use the talents possessed by its employees, which is considered a tool to increase employees. Then based on Baird et al., (2017) Empowerment is the process of increasing individual trust among organizational members.

There are several previous studies that have been carried out to determine the impact between Empowerment and employee performance. Based on the research of Komaling et al., (2023), Ekowati et al., (2021), Asri, (2020), Dewiana & Masduki, (2020), Fitria & Bindarto, (2019),

Saleem et al., (2019), and Arifin et al., (2014) indicated that empowering people has a favourable impact on staff performance. However, the outcomes of study done by Surono & Rozak, (2017) empowerment has not had a good impact on performance. In the research of Surono & Rozak, (2017) there is a research suggestion, namely the development of a model that improves or replaces other variables.

In addition, the responsibility to carry out work well and professionally does not only lie with employees, but also with the owner of the company. According to the theory developed by Fiedler, team performance depends on leadership style. (Ivancevich et al., 2007). So creating good jobs requires the right leadership. Leadership style is the way and attitude that a leader displays to approach others. (Ardana et al., 2012).

Leadership is the skill of tricking a group to achieve a goal (Robbins & Coulter, 1999). Based on Yukl, (2005) Transformational leadership is a leader who can raise the moral values of his employees to increase their awareness of ethical issues and mobilize their capacity and resources to carry out institutional reforms.

Employee performance is greatly improved by transformational leadership, according to earlier studies by Adiwantari et al. (2019) and Saleem et al. (2019). However, transformative leadership has failed to significantly affect employee performance, according to Gulo (2018) and Cahyono et al. (2014). Cahyono et al. (2014) proposed that other organisations include factors to address the discrepancy of the aforementioned study's conclusions related to employee performance and use it as comparative data for overall results. Based on these considerations, the researcher hopes to add the work attachment index as an index of leadership intervention changes in employee performance in this research, so that the results of this research can be expanded and compared with other studies.

The level of individual performance in an organization decreases because the number of employees working is too small. Therefore, organizations must actively involve their employees in all their activities so that employees are more involved in their work and perform better so that the organization can be claimed to be successful. Sethi, (2016) said that people who leave their organizations because they feel that the work is not important to them and do not have an emotional connection with the organization, ultimately have negative consequences for weak work.

Ching, (2015) said that workers who achieve high levels of self-esteem and performance have high levels of job participation. The personal psychic process, as described by Saxena (2015), is mostly concerned with human nature. Work engagement encompasses a wide range of individual and job-related traits that may contribute to broader societal qualities, such as teamwork, input into organisational decision-making, buy-in to organisational objectives, and the sense of purpose and accomplishment one derives from one's work. Those findings are from Bahram (2010). Providing workers with opportunities to voice their opinions and recommendations throughout decision-making processes has the potential to maximise the performance of such employees, according to Kemelgor (2002). Gulo (2018), Fitria & Bindarto (2019), and Asri (2020) all found that employees' levels of engagement in their job significantly improved their performance.

Thus, this research intends to determine the impact of empowerment and transformational leadership on employee performance mediated by work engagement. There is also a difference between this research and the previous research where all generation Z workers in Malang City were selected as a sample. Where according to the grouping of the Central Statistics Agency, Generation Z is people born between 1997 - 2012 and now in the age range of 11 to 26 years (BPS). This research was carried out in Malang City. The basis for choosing Malang City as a research site is that Malang City occupies the first position as the area with the most students in

East Java. This district has a total of 251,802 students who are divided into two types of campuses, namely public and private (BPS, 2023). Data according to (Rahma, 2021) to strengthen the phenomenon is the population data of Malang City where Generation Z has the highest percentage, namely 25.44% of the total residents of Malang City which is 843,810 people, which allows for the number of Generation Z workers in the city.

RESEARCH METHODS

Using an associative technique, this study is quantitative. A total of 170 participants representing all members of generation Z who work in Malang City made up the study's population. Purposive sampling is the basis of the sample technique. First, those who live in Malang City; second, members of Generation Z (those between the ages of 17 and 26) who hold an ID card; and third, people who work in Malang City. A google form questionnaire was disseminated on social media in order to gather respondent data. Maybe a well-processed research issue, this study employs a Structural Equation Model (SEM) using a Partial Least Square (PLS) technique.

RESULTS AND DISCUSSION

The acquisition of this research is based on the analysis of data collected directly from primary data, not from secondary or pre-existing data. The following table summarizes the overall demographic characteristics of respondents, as well as the number of available respondents.

Table 1. Respondent Demographics

Information	Quantity	Percentage
Male	79	46,47 %
Female	91	53,53 %
	170	100 %
Age		
17 – 21 year	30	17,65 %
22 – 26 year	140	82,35 %
	170	100 %
District		
Lowokwaru	41	24,12 %
Klojen	32	18,82 %
Blimbing	32	18,82 %
Kedungkandang	31	18,24 %
Sukun	34	20,00 %
	170	100 %
Information	Quantity	Percentage
Education		
SD/MI	0	0,00 %
SMP/MTs	0	0,00 %
SMA/MA/SMK	85	50,00 %
S1	83	48,82 %
S2	2	1,18 %
	170	100 %
Length of Work		
< 1 year – 2 year	96	56,47 %
3 year – > 5 year	74	43,53 %
	170	100 %

Source: Primary data processed by researchers (2024)

The findings of the study sample description based on the demographics of the respondents are shown in Table 1. Women between the ages of 22 and 26 made up 53.53 percent of the survey takers. The majority of those who took the survey had completed secondary school within the previous five years (50%), lived in the Lowokwaru sub-district (24.12%), and had worked for less than one year to two years (56.47%).

Model Feasibility Test

1. Validity Test

Convergent validity and discrimination are features of validity testing. To be considered legitimate, each latent variable must have an indicator value of at least 0.5 and be able to converge. Deleting the indication is necessary if the loading factor construct is less than 0.5 (Table 2).

The AVE value indicates the validity rating of discrimination. The validity scale may be used with an estimated AVE limit value of at least less than 0.5, according to Hair et al. (2018). The validity of the four variables used in this investigation may be determined from (Table 3) below.

Table 2. Loading Factor

Indicator	Loading Factor	Indicator	Loading Factor
X1.1	0.822	Z2	0.674
X1.2	0.759	Z3	0.736
X1.3	0.777	Z4	0.755
X1.4	0.766	Z5	0.733
X1.5	0.677	Z6	0.781
X2.1	0.778	Y1	0.763
X2.2	0.723	Y2	0.743
X2.3	0.728	Y3	0.788
Indicator	Loading Factor	Indicator	Loading Factor
X2.4	0.689	Y4	0.690
X2.5	0.621	Y5	0.730
Z1	0.627	Y6	0.770

Source: Primary data processed by researchers (2024)

Table 3. AVE

Variable	AVE	\sqrt{AVE}	Information
E (X1)	0.580	0.580	VALID
TL (X2)	0.504	0.504	VALID
WE (Z)	0.518	0.518	VALID
EP (Y)	0.560	0.560	VALID

Source: Primary data processed by researchers (2024)

2. Reliability Test

Two reliability tests are cronbach's alpha and composite reliability. According to Ghazali et al. (2015), if the composite reliability value is more than 0.7, the findings may be considered trustworthy. To be considered a trustworthy cronbach alpha result, the variable's score must be

greater than 0.60. According to the data in Table 4, all four of the study variables were considered to be of high reliability.

Table 4. Reliability Test

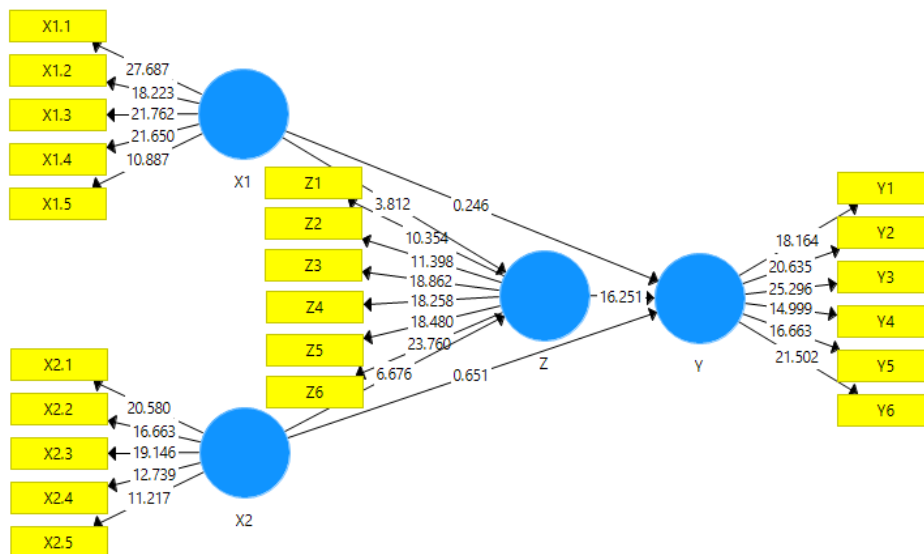
Criteria	Variable	Value	Information
<i>Composite Reliability</i>	<i>Empowerment</i>	0.873	Reliable
	<i>Transformational Leadership</i>	0.835	
	<i>Work Engagement</i>	0.865	
	<i>Employee Performance</i>	0.884	
<i>Cronbach Alpha</i>	<i>Empowerment</i>	0.818	Reliable
	<i>Transformational Leadership</i>	0.752	
	<i>Work Engagement</i>	0.813	
	<i>Employee Performance</i>	0.842	

Source: Primary data processed by researchers (2024)

3. Inner Model

a. Path Coefficient

When showing how one variable affects another, the path coefficient test is invaluable.



Gambar 1. Inner Weight

Figure 1's inner weight indicates that the variable of transformational leadership on work engagement has the highest route coefficient value of 6.676. Additionally, empowerment's effect on work engagement was 3.812, second only to transformational leadership's effect on performance (0.651), and 0.246 for empowerment's effect on performance. Since the path coefficient test yields a positive value, we may deduce that the influence of independent variables on the dependent variable increases as the route coefficient value increases.

b. Goodnes of fit

Using Q2 and R2 values, the goodness of fit test is conducted. The second question is based on the determination coefficients of all the dependent variables. The outcomes may be seen in table 5 according to the Q2 value range, which is $0 < Q2 < 1$. This range indicates that the model performs better as it approaches 1.

Table 5. Goodnes of fit

Criteria	Variable	Quantity
R-Square	Work Engagement	0.684
	Employee Performance	0.851
Q-Square	Work Engagement	0.347
	Employee Performance	0.463

Source: Primary data processed by researchers (2024)

In table 5, it can be seen that the R-Square score for the employee performance variable (Y) is 0.851, the variation in the empowerment and transformational leadership scores can contribute 85.1% to the value of the employee performance variable. Meanwhile, the work engagement variable (Z) was affected by empowerment, transformational leadership, and employee performance by 0.684. Based on the R-Square value of 68.4%, the variation in the values of empowerment, transformational leadership, and employee performance can explain the variation in the value of the work engagement variable.

c. Hipotesis Test

Using the PLS Technique with the help of SmartPLS Software 3.0, the data was analysed, confirming that this research is a valid and trustworthy model. To determine the significance of this study hypothesis, we will examine values, T-statistics, and P-values from the first sample. When both the t-statistic and the p-values are less than 0.05, we may conclude that the hypothesis is well-supported.

This study evaluates hypotheses by examining their direct and indirect effects. If you want to know how much of an impact transformational leadership and employee empowerment have on productivity, you should take the direct influence test. Work participation acting as a go-between for employees' autonomy, transformative leadership, and output is examined using the indirect impact test. As shown in table 6, the direct effect tests' original sample scores, t-statistics, and P-values are as follows..

Table 6. Dirrect Effect

	Original-Sample(O)	T Statistik (O/STDEV)	P Values
X1 -> Y	0.014	0.246	0.805
X2 -> Y	0.046	0.651	0.515
X1 -> Z	0.318	3.812	0.000
X2 -> Z	0.550	6.676	0.000

Source: Primary data processed by researchers (2024)

The data in table 6 above are explained as follows:

In order to determine whether the empowerment variable has a positive effect on employee performance, we first test the null hypothesis. A statistical t-score of $0.246 < 1.96$ and a route coefficient score of 0.014 were discovered in table 6. The calculated p-value is 0.805, which is more than 0.5. This shows that the influence of the empowerment variable on employee performance is negative and insignificant, this is because the t-statistic value < 1.96 . Meanwhile, the resulting p-value is > 0.5 . So, **H1: Empowerment (X1) has an impact on Employee Performance (Y)** is rejected, H0: Empowerment (X1) has no effect on Employee Performance (Y) is accepted.

In order to determine whether transformational leadership characteristics significantly improve employee performance, we may look at the second hypothesis. According to table 6,

Statistically, the t-score is 0.651 and the path coefficient is 0.046, both of which are below the threshold of 1.96. Meanwhile, the resulting p-value was 0.515, which is more than 0.5. A statistical t-value lower than 1.96 suggests that transformational leadership traits have a small and negative effect on employee performance. Even if the final p-value is more than 0.5. So, **H2: Transformational Leadership (X2) has an impact on Employee Performance (Y)** is rejected, H0: Transformational Leadership (X2) has no impact on Employee Performance (Y) is accepted.

The third hypothesis looks at the relationship between empowerment and engagement on the job. Table 6 shows that the route coefficient is 0.318, and the statistical t-score is 3.812, which is more than 1.96. In the meanwhile, the resulting p-value score was less than half, at 0.000. All of this points to a positive and statistically significant relationship between the empowerment variable and employee engagement on the job. Thus, the null hypothesis (H0) is rejected, **H3: Empowerment (X1) has an impact on Work Engagement (Z)** is accepted.

The significance of the beneficial effect of transformational leadership characteristics on employee engagement in the workplace is examined in the fourth hypothesis. The route coefficient value of 0.550 is known from table 6. a statistical t-score of $6.676 > 1.96$. Meanwhile, the p-value score found was $0.000 < 0.5$. This shows that the influence of transformational leadership variables on involvement at work is substantial and good. Thus, the null hypothesis (H0) is rejected. **H4: Transformational Leadership (X2) has an effect on Work Engagement (Z)** is accepted.

Following the completion of the direct effect hypothesis test, the indirect impact hypothesis test was subsequently executed. Tabulated in table 7 are the initial sample values, t-statistics, and P-values for the indirect effect tests.

Table 7. Indirect Effect

	Original-Samplea(O)	T Statistik (O/STDEV)	P Values
X1 -> Z ->Y	0.278	3.763	0.000
X2 -> Z ->Y	0.481	6.021	0.000

Fifthly, we look at the possibility that employee engagement mediates the relationship between empowerment and performance on the job. From table 7, it was found that the path coefficient score had a value of 0.278, a statistical t-score of $3.763 > 1.96$. Meanwhile, the p-value score obtained was $0.000 < 0.5$. This shows that work involvement can mediate between empowerment and employee performance. So **H5: Work Engagement (Z) can mediate the relationship between Empowerment (X1) and Employee Performance (Y)** is accepted.

Sixth, we look at the possibility that employee engagement mediates the relationship between transformative leadership and performance on the job. The value of the path coefficient is known to be from table 7. 0.481, the statistical t score is $6.021 > 1.96$. Meanwhile, the p-value score obtained was $0.000 < 0.5$. This shows that work involvement can mediate between transformational leadership and employee performance. So **H6: Work Engagement (Z) can mediate the relationship between Transformational Leadership (X2) and Employee Performance (Y)** is accepted.

CONCLUSIONS AND SUGGESTIONS

CONCLUSION

The conclusions of the results and discussion of this research are:

1. Empowerment (X1) has no impact on EmployeePerformance (Y). This shows that the empowerment applied by companies or organizations to generation z workers in

Malang City has not been able to improve employee performance.

2. Transformational Leadership (X2) does not have an impact on Employee Performance (Y). This shows that transformational leadership applied by companies or organizations to generation Z workers in Malang City has failed to boost productivity in the workplace.
3. Empowerment (X1) has an effect on Work Engagement (Z). This shows that the empowerment applied by companies or organizations to generation z workers in Malang City is able to increase work engagement.
4. Transformational Leadership (X2) has an effect on Work Engagement (Z). This shows that transformational leadership applied by companies or organizations to generation z workers in Malang City is able to increase work engagement.
5. Work Engagement (Z) is able to act as a mediating variable between Empowerment (X1) and Employee Performance (Y). This shows that the better the company or organization implements empowerment for generation z workers in Malang City, it will increase work involvement and ultimately can improve employee performance in generation z workers in Malang City.
6. Work Engagement (Z) is able to act as a mediating variable between Transformational Leadership (X1) and Employee Performance (Y). This shows that the better the company or organization implements transformational leadership for generation z workers in Malang City, it will increase work involvement and ultimately can improve employee performance in generation z workers in Malang City.

SUGGESTIONS

After finishing the study and investigation, the author will provide recommendations to scholars and workers from generation Z. Take into account the following recommendations. Regarding Malang City's generation z employees, this research can be used as a consideration in improving employee performance by implementing empowerment and transformational leadership in companies or organizations so that they can increase work involvement in the future.

Future researchers may delve more into the effects of empowerment, transformational leadership, employee engagement, and performance on the job by including more factors in their studies. This is because researchers have a number of limitations. As a result, it is hoped that there will still be research in the future that examines the field of human resources.

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