The Effect of Employee Engagement and Transformational Leadership on Performance with Motivation as a Mediation Variable

Abstract: This study aims to examine and analyze the effect of Employee Engagement and Transformational Leadership on Performance by mediating motivation. The sampling technique used the sesus method so that the number of respondents with the same number as the population was 138 people. Technical analysis of the data in this study consisted of testing the validity using factor analysis methods, reliability tests and multiple linear regression tests. In this study, there are five hypotheses proposed. The results of statistical testing showed that all indicators in this study were declared valid and all variables were declared reliable. Meanwhile, the results of the regression test prove that in the first model Employee Engagement and Transformational Leadership are able to contribute in explaining motivation, the second model states that Employee Engagement, Transformational Leadership and motivation are able to contribute in explaining performance. The f test results in the first equation show that Employee Engagement and Transformational Leadership have a simultaneous effect on Motivation, while the f test results in the second equation show that Employee Engagement and Transformational Leadership and Motivation have a simultaneous effect on Performance. The results of the t test in the first equation show that Employee Engagement has a positive and significant effect on Motivation, Transformational Leadership has a positive and significant effect on Motivation, in the second equation the t test results show that Employee Engagement has a positive and significant effect on Performance, Transformational Leadership has a significant positive and significant effect on performance and motivation positive and significant effect on performance. Furthermore, in the first path, the Sobel test results obtained that motivation was able to become a mediating variable on the influence of Employee Engagement on Performance. In the second path, it is known that motivation can be a mediating variable on the influence of transformational leadership on performance.

Keywords: Employee Engagement, Transformational Leadership, Motivation and Performance.

INTRODUCTION

In essence, human resources are one of determining factors in the development of an organization. High demands for professionalism in work are familiar in the era of globalization as it is today. The organizations are required to optimize their human resources in order to create good quality and capability so that it is expected to be able to achieve organizational goals optimally and be competitive both internally and externally.

Organisasi is a Group of People Working Together in a Structured and Coordinated Fashion to Achieve a Set of Goals (Griffin, 2002). Organization in Indonesia are grouped into two, namely Government Organization and Non-Government Organization. Government Organization is form a local government organization which have a function in the administration of government as well as the implementation of regional government programs and activities .

Civil servant in the perspective of human resources management are the main drivers of the performance of government organizations that need to be empowered optimally and effectively so that planned goals can be actually realized.

In order to realize accountability in the administration of state, Indonesian Government stipulates a Presidential Regulation Number 29 Year 2014 abut the performance accountability system for government agencies.
The Presidential Regulation obliges every government agency as an element of state administrators to be responsible for the implementation of their duties, functions, and role in managing the resources and policies entrusted based on the established strategic planning in government agency performance accountability system (Sistem AKIP) and then referred to as performance report (LKjIP). Semarang City Regional Revenue Agency is one of local government agency that has duties and function based on regional regional of Semarang City Number 14 Year 2016 and Regulation of Major City Number 89 Year 2016 functions to manage and seek to increase regional income with indicators of level of regional financial independence and the percentage of realization to the specified transfer fund target.

Based on the result of introduction studies it was found that in the regional finance improvement and development program with performance indicators percentage of income increase property tax and property acquisition fee every year in 2016 the realization reach 34.84% but in 2017 experienced a decrease from results achieved that is to be 28.82%.

Further, researchers investigate deeply by conducting a introduction study to thirty percent of existing employees randomly as many as 42 people related to employee performance goals (SKP), get the average of the employee performance goals (SKP) on the index score 86.82 which mean it is in to the good category. Semarang City Regional Avenue Agency is a leading function in efforts to increase regional original income (PAD) in government of Semarang City so that employee performance target (SKP) score must be able to achieve a very good category score index that is above 91 not only in the good category. If employee performance target (SKP) can reach very good category it is expected that there will be an increase in regional original income (PAD) in Semarang City Government so that it to be able to boost the economy, welfare, and regional infrastructure development towards a better direction.

Based on that data, it can be said that the performance of human resources still needs to be improved with the hope that optimal performance targets will be achieved.

Performance is a Form of Construct Multidimensional Which Includes Many Factors that Influence It, Including Individual Factors Such as Motivation and Employee Engagement, as well as Organizational Factors Such a Transformational Leadership in it (Mahmudi; 2010). This is in line with the results of Modani’s research (2012) the result is that Transformational Leadership has a positive effect on Employee Engagement. And the result of Sembiring’s Research (2014) shows that Employee Engagement has a significant effect on Employee Engagement. But different results are expressed as Researc Gap found in Wandary’s research (2014) that Transformational Leadership has a negative influence on Employee Engagement and Joushan et al (2015) that Employee Engagement has no significant effect on Employee Performance. Based on the background that has been described, then the formulation of the problem in the research conductes on the Semarang City Regional Revenue Agency among others (1) Does Transformational Leadership affect Motivation (2) Does Employee Engagement affect Motivation (3) Does Transformational Leadership affect Performance? (4) Does Employee Engagement affect Performance? (5) Does Motivation affect Performance? (6) Does Motivation effectively mediate the effect of Transformational Leadership on Performance? (7) Does Motivation effectively mediate the effect of Employee Engagement on Performance?

LITERATUR REVIEW AND HIPOTESIS DEVELOPMENT

Employee Engagement
Employee Engagement is a condition or situation where employees are passionate, energetic and committed to their work (Maylett & Warner, 2014). Employee Engagement towards the organization influence to exert free enterprise and more for his work (Risher, 2010). According to Schaufeli (2002) Employee Engagement can be said a positive mental state of employees toward their work. This positive state can be characterized by one of them with dedication to his work. Engagement is not a specific and temporary stage, but engagement refers to a state that is permanent and is at the affective and cognitive levels. Schaufeli and Salanova (2007) divide Engagement through three dimensions, including Vigor, Dedication and Absorption.

Transformational Leadership
Robbins (2007) convey that the leader with a transformational style is by paying attention to the things and development needs of each follower. Transformational Leadership changes follower’s awareness of problem by helping them look at old problems in new way, and they able to excite, and inspire followers to expend extra effort to achieve group goals. According to Bass & Avolio (1990) Transformational Leadership is a charismatic leader and has a central and strategic role in bringing the organizations to achieve its goals. Further according to J.M Howell; (1999) Transformational Leadership dimensions include Charisma, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration.

Motivation
According to Fillmore H. Stanford in Mangkunegara, (2001) Motivation as a condition that move people towards a certain goal. Roesyadi (2012) argues that motivation is often defined as encouragement. The urge or energy is the movement of the soul and body to act so that motivation is the driving force that move people to behave in his actions have
specific purpose. Meanwhile motivation is a condition in a person’s efforts and willpower are directed to the achievement of certain results or goals. The result in question can be productivity, attendance or other creative works behaviour (Sopiah; 2008). According McClelland (1987) the grand theory of motivation has three main dimensions, namely the need for achievement, the need for power and the need for affiliation.

**Performance**

Nawawi (2015) performance is result of a job that has been done, either in the form of physical or material nor non physical or non material. According Simanjutak (2011) performance is the level of achievement or result for certain task carried out. Gibson (2009), where he states that performance is the desired outcome of behavior, in this case, he considers that performance is the basis of organizational performance. Bernadin H John-Joyce E.A Russel (in Astuti, 2010) defines performance as record of comes produced on a spesified job function or activating during a specified time period. The optimal level of performance is an expectation of all organizations is also a demand for the organizations, because the achievement of organizational targets and goals is largely determined by the level of existing performance (Robbins, 2009). Performance is a record of success resulting from the function of a particular job or activity during a certain period (Russell, 1993). Performance is the result of work that has been achieved by members of the organization according to their authority and responsibility to achieve organizational goals. These achievements can be seen from the quality of work, quantity of work, cost effectiveness, need for supervision, and the resulting interpersonal effect.

**Relation of Employee Engagement and Motivation**

Schaufleri (2007) defined Employee engagement as fulfillment of work-related mental states that involved rational an emotional factors about what employees think and feel to their work and the organization. Emotional factors include the sense of inspiration and achievement that employees get from being a member of the company and from their work. According to Robbins (2015) Employee Engagement is the involvement of satisfaction and enthusiasm of an individual towards the work down. Engaged workers will be passionate about their work and feel a deep connection to the company.

Employee Engagement can affect Organizational Performance when Employee Engagement first have a positive influence on employees. According Ramsay in Muthuveloo (2013), engaged Employee Engagement are more likely to remain loyal to their organization and committed to advancing their work organization. Employees who have an attachment to their work organization will also be motivated to increase their productivity in order to improve the quality of their work organization (Margaretha & Saragih dalam Murnianita; 2012). This is in line with the result’s of kristanti’s research (2017) that Employee Engagement has a positive effect on Motivation, so that:

**H1:** Employee Engagement has a positive effect on Motivation

**Relation of Transformational Leadership and Motivation**

Leadership is a nature, character or way of a person in an effort to foster and move a person or group of people so that they are willing, committed and loyal to carry out activities in accordance with their duties and responsibilities to realize the company goals that have been set previously (Artana, 2012). According to Nawawi (2006) Transformational Leadership is a leadership approach by making efforts to change awareness, raise enthusiasm and inspire subordinates or organizational members to spend extra effort in achieving organizational goals, without feeling pressured. Transformational Leadership pay attention to the needs and development needs of each follower, Transformational Leaders change followers awareness of problem by helping them view old problems in a new way, and they able to excite, and inspire followers to put extra effort into achieving organizational goals (Robbins, 2007). Transformational Leadership possessed by a leader will inspire his employees so that they have motivation in carrying out their work. The logical framework of thinking is that if a leader can arouse and inspire employees, it is hoped that motivation will emerge and employees will be motivated to carry out their works as well as possible. This is in line wit the results of research by Wayan et al (2014) which shows that there is a positive and significant influence between Transformational Leadership and Employee Motivation, so that:

**H2:** Transformational Leadership has a positive effect on Motivation

**Relation Employee Engagement and Performance**

Kahn in Chaurasia (2013) describes Employee Engagement as the continuous investment of physical, emotional and cognitive energy of employees in their work roles. Employee Engagement is an emphasis on the cognitive relationship between employees to work and the subsequent behavior shown by employees towards their attachment to their work organization. Employee Engagement as the emotional attachment that employees bring to their work, organization and leadership (Muthuveloo, 2013). An employee in a work organization can be said to have good performance if they has a close attachment to his work organization without compulsion, so that it is hoped that it will make a lot of optimal contribution to its work organization. One of the aspect that can be affect high and low performed produced by employees is the psychological factor possessed by each employees. Employees sense of attachment to their work organization called Employee Engagement is one of the psychological factors that can affect Performance (Suriyadi; 2015). This is inline with research according to Dajani (2015) there is a positive
and significant influence between Employee Engagement and Performance, so that:

H3: Employee Engagement has a positive effect on Performance

Relation Transformational Leadership and Performance

According to Robbins (2009) Transformational Leadership is included in modern leadership theory whose ideas was originally developed by James McGregor Burns, which explicitly raises a theory that Transformational Leadership is a process in which leader and their subordinates seek to achieve higher loevels of morality and motivation. According to Wutun (2001) Bass’s concept of Transformational Leadership is one of the concept of leadership that can better explain precisely the pattern of leadership behaviour of a real superior trying to expand and increase needs beyond personal interest, and encourage this changes towards common interest including the interests of the organization. One of the Leadership theories based on the Transformational style is the Setiawan’s Transformational Leadership theory (2013). In Theory he states that to motivate and inspire subordinates and at the same times improve their performance, management must emphasize a Transformational Leadership approach, which can pursued through the ability to articulate a good vision, abilities, skills, and action toward subordinates (Attributed Charisma), ability to motivate and inspire subordinates (Inspirational Motivation), the ability to concept and support subordinates in thingking about how to work in competing tasks (Intellectual stimulation), and the ability to give attention and caring attitude toward subordinates (Individualized Consideration). In other words, if the strategy can run well, it will have a positive impact on Employee Performance. This is inline with the result of research by Subhi (2014) and Jeevan Jyoti and Sonia Bhau (2015) that the result is there is a positive and significant influence between Transformational Leadership and Performance, so that:

H4: Transformational Leadership has a positive effect on Performance

Relation Motivation and Performance

Many variable that affect performance including work motivation. There is a relationship between work motivation and performance. This can be seen from the factors that affect performance, including psychologcal factors, in this factor there is a work motivation variable on his own work. Based on the statement above that there is a relationship between work motivation and performance (Mangkunegara; 2005). The expectancy theory of Victor Vroom (Robbins; 2006) provide a statement about the existance of relationship between Motivation and Performance, the statement is as follows: “That an employee be willing to put in a greater effort will result in a good performance appraisal, and that good performance appraisal will result in salary increases and promotion, and all of that’s allows the person concerned to achieve his personal goals”. According to Hasibuan (2008) states that motivation is the provision of a driving force that creates one’s work enthusiasm, so that they want to work together, effectively and be integrated with all their efforts to achieve satisfaction. Motivation is an effort to acheive success or succeed in competition with a measure of excellence that can be the achievements of other or self achievement (Mc Clelland; 1987). The logical framework for thingking is that there is an incentive for employees to be more passionate about work, want to work together better, work more effectively and have a desire to compete with a target of excellence over himself, all of which are forms of motivation, it will realize an increase in performance as expected. This is inline with resluts by Irum Shazhadi et al (2014) there is a positive and significant influence between Motivation Employee and Performance Employee, so that:

H5: Motivation has a positive effect on Performance

RESEARCH METHODS

Population and Sample

The population is the entire research subject (Arikuunto, 2006). The population in this study is all employees of the Regional Revenue Agency as many as 138 people. The samples selection technique uses total sampling technique, with a total sample is 138 people. This study uses a 1-7 Likert Scale. According to Bernardin and Russel (1993) Performance consist of 12 indicators, then Employee Engagement there are 6 indicators Yulk (2009), according to Robbins (2010) Transformational Leadership there is consist of 8 indicators, and Motivation consist of 8 indicators David Mc Clelland (1987).

RESULT AND DISCUSSION

The male gender in the research object is the most dominant amount 79 people (57.2%), when compared to female gender which only 59 people (42.8%). The highest frequency by age group was found in the age group above 50 years old that is as many as 71 people (51.4%), while the age group less than 30 years old is the smallest frequency that is as many as 3 people only (2.2%). The highest frequency of respondent base on education is at the level of bachelor that is as may as 99 people (71.7%).

Validity Test

The sample adequacy rate is met, this is evidenced by the value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy generated on all variables above 0.5. Furthermore, all indicators on the variable Employee Engagement (X1), Transformational Leadership (X2), Motivation (Y1) dan Performance (Y2) shows the number of Loading Factor > 0.4 so that all indicators on each variable in this study are declared valid.
Reability Test
The result of reability testing on the four variables in this study showed the Cronbach Alpha was more than 0.7 (cronbach alpha > 0.7), so that it can be stated that all instrument on each variable in this study are reliable.

Coefficient of Determination Test
In equation I it is known that value adjusted R² as many as 0.184, that result mean that variable Transformational Leadership and Employee Engagement has a contribution to explaining the Motivation variable by 18.4%, while the remaining is 81.6% (100% - 18.4% = 81.6%) explained by the other variables not observed in this study. In equation II the value of adjusted R² is 0.376. These result mean that the variables of Transformational Leadership, Employee Engagement and Motivation has a contribution and is able to explain the Performance Variable of 37.6%, while the remaining is 62.4% (100% - 37.6% = 62.4%) explained by other variables not observed in this study.

F Test
In equation I resulting in a significance value of 0.000 < 0.05, this mean that Employee Engagement and Transformational Leadership variables simultaneously affect the Motivation variable. Further in equation II resulting a significance value of 0.000 < 0.05, this mean that variables of Employee Engagement, Transformational Leadership and Motivation simultaneously affect the Performance variable.

<table>
<thead>
<tr>
<th>Regression Model</th>
<th>Adjusted R²</th>
<th>f Test</th>
<th>ƞ Test</th>
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</thead>
<tbody>
<tr>
<td><strong>Equation I</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y1 = a1 + b1X1 + b2X2 + e1</td>
<td>0.184</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Employee Engagement and Transformational Leadership on Motivation</td>
<td></td>
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<tr>
<td><strong>Equation II</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y2 = a2 + b3X1 + b4X2 + b5Y1 + e2</td>
<td>0.376</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Employee Engagement, Transformational Leadership and Motivation on Performance</td>
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<td></td>
</tr>
<tr>
<td><strong>Source:</strong> processed primary data (2021) ƞ Test and Hypothesis Testing</td>
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</table>

The resulting positive regression coefficient value of 0.316 with a significant value of 0.000 (< 0.05). This mean that the effect of Employee Engagement in Motivation is positive and significant, so that if better the Employee Engagement then the better the Motivation will be. Furthermore, it can be state that hypothesis 1 is accepted.

The resulting positive regression coefficient value of 0.265 with a significant value of 0.001 (< 0.05). This mean that the effect of Transformational Leadership in Motivation is Positive and significant, so that if better the Transformational Leadership then the better the Motivation will be. Furthermore, it can be state that hypothesis 2 is accepted.
The resulting positive regression coefficient value of 0.263 with a significant value of 0.001 (< 0.05). This means that the effect of Motivation in Performance is positive and significant, so that is better Motivation then the better the Performance will be. Furthermore, it can be stated that hypothesis 5 accepted.

### Mediation Test

**Table 2. Sobel Test Result I**

<table>
<thead>
<tr>
<th>Effect</th>
<th>Value</th>
<th>s.e</th>
<th>LLCI</th>
<th>ULCI</th>
<th>Z</th>
<th>Sig. (two)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.1341</td>
<td>.0459</td>
<td>.0441</td>
<td>.2240</td>
<td>2.9208</td>
<td>.0035</td>
</tr>
</tbody>
</table>

*Source: processed primary data (2021)*

In line 1, the value of sig.(two) is 0.0035 < 0.05, it can be concluded that motivation is able to be a mediating variable with a power of 13.41% on the influence of Employee Engagement on Performance.

<table>
<thead>
<tr>
<th>Effect</th>
<th>Value</th>
<th>s.e</th>
<th>LLCI</th>
<th>ULCI</th>
<th>Z</th>
<th>Sig. (two)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.1449</td>
<td>.0525</td>
<td>.0421</td>
<td>.2477</td>
<td>2.7619</td>
<td>.0057</td>
</tr>
</tbody>
</table>

*Source: processed primary data (2021)*

In line 2, the value of Sig.(two) is 0.0057 < 0.05, it can be concluded that motivation is able to be a mediating variable with a power of 14.49% on the influence of Transformational Leadership on Performance.

### Discussion and Managerial Implications

In the previous sub-chapter, the result of statistical data analysis has been obtained which conclude that hypothesis 1 is accepted, it mean that Employee Engagement has a positive and significant effect on Motivation. Motivation is a scheme in translating the way, direction and intensity of a person in achieving his goals. It can also be interpreted that motivation is something that moves a person towards the goals he want to achieve (Fillmore H. Stanford in Mangkunegara, 2001). One aspect that triggers employee motivation to be able to achieve their goals at work is the engagement of employees with their work (Employee Engagement), employees with an attachment to their work organization will have more encouragement to increase their productivity in order to achieve their goals in their work organization (Margaretha & Saragih in Murniani; 2012). Employee Engagement is defined as a positive mental condition at work that involves rational and emotional factors related to the thoughts and feelings of employees at work and their work organization. The existence of good Employee Engagement in each employee will make the work motivation of each employee better too (Kristanti, 2017).

Furthermore based on the results of statistical analysis have been obtained which conclude that hypothesis 2 accepted. This is because Transformational Leadership has a positive and significant effect on motivation. Motivation is the driving force that creates the enthusiasm of a persons work, so that they want to work together, effectively and be integrated with all their efforts to achieve their goals (Hasibuan, 2008). One of the factor that can make Employee Engagement is a Transformational Leadership (Komang, 2019). In a logical framework, the positive thinking from a Transformational Leadership model will have a good impact on realization of employee work motivation. The existence of good Transformational Leadership will make Employee Motivation better (Roy et al, 2014). This is inline with the results of Martha’s Research (2020) that Transformational Leadership style has a positive and significant effect on employee Motivation.

Statistical testing of hypothesis 3 shows that it is accepted, this mean that Employee Engagement has a positive and significant effect on performance. Luthan (2011) explains that Performance is a quality or quantity that is produced by a person from the results of his work activities. Employee Engagement is one of the factors that affect Employee Performance from the Psychological aspect. In logical thinking framework, employee attachment to their work will make employees more focused and concerned with their work and work organization, this makes employees more efficient in order to advance their work organization which they will realize through their best performance (Blessing White, 2011). The existence of good Employee Engagement in employees will make the performance of these employees also become better (Agnes, 2017). This is inline with the results of Nabilah’s Research (2014) that Employee Engagement has a positive and significant effect on Performance.

Furthermore the statistical that have been carried out show the results that hypothesis 4 is accepted, this mean that Transformational Leadership has a positive and significant effect on Performance. According to Mangkunegara in Nabilah (2014) it is explained that performance is the result of work that is shown in quality and quantity that has been achieved by an employee in

Available Online: [https://iarconsortium.org/journal-info/IARJB](https://iarconsortium.org/journal-info/IARJB)
carrying out his duties in accordance with the responsibilities given to him. One aspect of the organization that is able to have an impact on the highs and lows of Performance is Transformational Leadership. The existence of good Transformational Leadership will be able to realize better employee Performance (Prabesthi, 2017). This is inline with results of a Febriyansyah’s research (2020) that Transformational Leadership has a significant positive effect on employee Performance.

In the results of data processing and statistical analysis, it was found that hypothesis 5 accepted, this means that Motivation has a positive and significant effect on Performance. One of the psychological aspects from within employees that has a contribution in influencing performance is Motivation. Motivation is a series of embodiments of attitudes and ethics that have been impact on a person in the context of specific achievements based on internal goals, it makes an energy that provides a stimulus to someone behaving to achieving their goals (Ermita, 2019). The existence of positive energy that encourage Employees to achieve their optimal goals at work will certainly have a positive impact on achieving optimal performance (Ardhani, 2019). This is inline with results of a Suanto’s Research (2019) that Motivation affect Performance. Similar results were also produced from Islamiah’s Research (2019) that Motivation has a partial effect on Performance.

CONCLUSION
Based on research conducted, the following conclusions can be drawn:
1. Building Motivation can be done through a good Employee Engagement and Transformational Leadership approach, then Motivation can be the basis for realizing increased Performance.
2. Based on mediation test, it is stated that motivation is effectively to be mediating variable on the influence of Employee Engagement and Transformational Leadership on Performance, it means that the provision of good motivation in an employee will be able to make the performance produced by employees better.

Managerial Implementation
The managerial implication obtained based on the result of this study are as follow:
1. Efforts to improve performance through the Employee Engagement approach can be carried out through increasing the self capacity of employees, through this strategy it is hoped that it will be able to provide more competency improvements to each employee so that it will make every employee able to focus more on solving the works problems they face.
2. Efforts to improve Performance through the Transformational Leadership approach can be carried out through the gathering program or coffee morning periodically starting from sub-sector level.

Through these activities, the communication between leaders and subordinates is not only on the substance of the work but will able to establish in-depth two-way communication between leaders and subordinates or vice versa, so it is hoped that the attention of leaders to subordinates from all aspects can be realized properly.

3. Effort to improve Performance through the Motivational Approach can be carried out through briefings by the leadership starting at level of the sub-sector head on a periodic and scheduled basis, this is intended so that the leader can provide insight to each of his subordinates that the work carried out is a unity so that between one another is a continuity, this is done with the hope that each employee has empathy for his colleagues and support each other toward the achievement of the work of yellow employees.

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