

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors



Mochamad Vrans Romi^{1*}, Efendi², Erbin Chandra³, Vivi Candra⁴, Acai Sudirman⁵

¹Management Study Program, Universitas Jenderal Achmad Yani, Indonesia

²Management Science Study Program, Sekolah Tinggi Ilmu Ekonomi Sultan Agung, Indonesia

^{3,4,5}Management Study Program, Sekolah Tinggi Ilmu Ekonomi Sultan Agung, Indonesia

ABSTRACT: Employees who have a high level of work engagement will show their best performance; this is because these employees enjoy the work they do. When employees are attached to a company, employees have an awareness of the business. The main objective of this research is to analyze the influence of transformational leadership and organizational climate on employee engagement. The research methods include library and field research designs with a quantitative approach. The number of samples analyzed was 140 employees. This study uses a research instrument test consisting of validity and reliability tests. The quantitative analysis consists of a normality test, regression test, hypothesis test, correlation test, and coefficient of determination. The results of the data analysis conclude that transformational leadership, organizational climate, and employee engagement positively and significantly influence innovative work behavior. The results of further research confirm that transformational leadership and organizational climate significantly affect employee engagement. The research conclusion states that by combining transformational leadership and a positive organizational climate, organizations can create an environment where employees feel encouraged to give their best and feel that their contributions positively impact the organization's success. High employee engagement contributes to better productivity, retention, and continued organizational success.

KEYWORDS: Transformational Leadership, Organizational Climate, Employee Engagement

I. INTRODUCTION

Employee engagement is not just a temporary task but an ongoing effort that involves commitment and attention from the entire organization. Organizations that successfully create an environment that supports and motivates employees can enjoy benefits in terms of higher productivity, employee retention, and continued organizational success (Pandey and David, 2013). Opportunities for career development and training increase employee engagement. Employees who feel they have room to grow and develop within the company are more engaged (Islam *et al.*, 2023). Employees who feel secure in their jobs, without excessive uncertainty, tend to be more engaged (Welbourne, 2007). Uncertainty can create worry and hurt engagement. Organizations that understand the need for employee work-life balance can increase satisfaction and engagement. Employees who feel they are allowed to maintain this balance tend to be happier and more motivated (Sofiyani *et al.*, 2022). Giving employees the opportunity to be involved in the decision-making process can increase their sense of ownership and responsibility, which in turn increases engagement (Lie *et al.*, 2019). Recognition of employee contributions, whether in the form of formal or informal rewards, can increase feelings of appreciation and engagement (Meng *et al.*, 2022). Employees want to feel that their efforts and work results are recognized and appreciated. Good leaders can motivate and inspire employees, especially those who apply a transformational leadership style. Leadership that is supportive, fair, and provides clear direction can increase engagement (Asif *et al.*, 2019).

The engagement process is a follow-up action or action evaluation needed to determine whether the activities and actions taken are in the right direction and whether these activities and actions provide the desired results (Alvi and Abbasi, 2012). In the engagement process, communication becomes an important part of the entire engagement process of organizational members. Communication involves planning follow-up, providing timely information, and engaging every level of the organizational hierarchy. Work engagement, or what can also be called employee engagement, is about how an employee can feel proud and loyal in his work for the organization (Siahaan, Susanti and Sudirman, 2020), being part of a company ready to handle clients, users, and consumers, and always giving more in completing every job. (Bakker, Albrecht and Leiter, 2011), said that work engagement is an aspect that includes positive emotions and full involvement in carrying out work and is characterized by three main dimensions, namely vigor, dedication, and absorption in work. Work engagement is one of the constructs included in the context of positive psychology because this construct emphasizes employee well-being (Leiter and Bakker, 2010). Employees

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors

who have a high level of work engagement will show their best performance (Silalahi *et al.*, 2021), this is because these employees enjoy the work they do. When employees are engaged with a company, employees have an awareness of the business (Basoeky *et al.*, 2021). This awareness of the company's business means that employees will give their best abilities to the company (Sherly, Halim and Sudirman, 2020). Employees who are attached to the company will improve company performance, work engagement can be grown in employees.

In a strong organizational culture, almost all managers share a relatively consistent set of values and methods of doing business (Suryani *et al.*, 2021). New employees adopt these values very quickly. In such a culture, a new executive may be corrected by his subordinates and his boss if he violates organizational norms (Silalahi *et al.*, 2020). Outsiders usually see companies with a strong culture as having a particular style. Study results (Bin Saeed *et al.*, 2019); (Wibisono, 2021) emphasize that transformational leadership and organizational climate significantly affect employee engagement. Employees who have a high level of work engagement will show their best performance, this is because these employees enjoy the work they do. When employees are engaged with a company, employees have an awareness of the business. This awareness of the company's business means that employees will give their best abilities to the company. Based on the background of the problem and the results of previous studies, this research aims to analyze the influence of transformational leadership and organizational climate on employee engagement. Furthermore, research on the determinants of innovative work behavior of hotel employees in the Lake Toba tourist area through employee engagement using a structural equation model approach can be a reference material for further research in this field. This research can be a basis for further research and developing new concepts in innovation and hotel employee engagement.

II. LITERATURE REVIEW AND HYPOTHESIS

Transformational Leadership and Employee Engagement

Transformational leadership is an approach that causes change in individuals and social systems. In its ideal form, this approach creates valuable and positive change in followers with the ultimate goal of developing followers into leaders (Simatupang *et al.*, 2022). The transformational leadership approach encourages, inspires, and motivates employees to innovate and create the changes needed to shape the company's future success (Butarbutar *et al.*, 2022); (Peng *et al.*, 2021). This is achieved by setting an example at the executive level through authenticity, a strong sense of organizational culture, subordinate ownership, and independence within the organization (Lie, Dharma and Sudirman, 2021). Transformational leaders are agents of change who can identify innovative trends and changes in technology and help organizations embrace those changes (Meng *et al.*, 2022). Employees on the leadership track will also be prepared to become transformational leaders through guidance and training. Study results (Balwant, Mohammed and Singh, 2020); (Insyra, 2022) emphasized that transformational leadership significantly affects employee engagement. Therefore, based on several previous research results, we can develop a hypothesis:

H1: Transformational leadership influences employee engagement

Organizational Climate and Employee Engagement

The importance of human resource management practices and policies in influencing employee perceptions and attitudes is also emphasized in the organizational climate (Liang and Zhang, 2012). Organizational climate is key in shaping job satisfaction, organizational culture, and employee performance (Rahimic, 2013). Besides that, organizational climate refers to the psychological atmosphere that dominates an organization's work environment (Efendi *et al.*, 2021). Organizational climate reflects how employees feel and behave in their work context. This can affect productivity, motivation, job satisfaction, and individual and group organizational behavior (Inrawan *et al.*, 2022). Factors such as organizational culture, leadership, policies, communication, organizational structure, and the values espoused by the organization play an important role in shaping the organizational climate, and together, they create the image and view that employees perceive of their work environment (Efendi *et al.*, 2022). In that organization. In the context of dynamic tourism development (Yu, Yu and Yu, 2013), the essence of organizational climate is believed to be the foundation for local tourism actors to develop the role and involvement of employees within it (Ancarani, Di Mauro and Giammanco, 2019) ; (Listya Astika and Saptoto, 2018). Therefore, based on several previous research results, we can develop a hypothesis:

H2: Organizational climate influences employee engagement

III. RESEARCH METHODS

Figures This research uses a literature and field research design with a causal associative approach to see the relationship between several uncertain variables. (Sugiyono, 2015), states that causal design is useful for analyzing how one variable influences other variables. It is also useful in experimental research, where the researcher treats the independent variable in a controlled manner to directly see its impact on the dependent variable. The research was conducted from June 2023 to August 2023. The research location was in the Lake Toba tourist area, which includes the Simalungun and Samosir Regencies. The population in this study is the total number of employees who work in hotels in the Simalungun and Samosir Regencies. The sampling method used

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors

in this research is the convenience sampling method. This technique was chosen because it is the fastest method due to time constraints, and anyone who accidentally meets the researcher can be used as a sample if that person is deemed suitable as a data source. According to (Hair, 2014), if the population size is unknown, the sample size can be determined from 5-10 times the number of indicators used in a single construct. This research uses 14 indicators from 3 existing variable dimensions, so the number of research samples obtained is $14 \times 10 = 140$. Data collection in this research used the observation method by observing directly in the field, and documentation came from secondary data in the form of documents and structured interviews using questionnaire instruments. This study uses a research instrument test consisting of validity and reliability tests. The quantitative analysis consists of a normality test, regression test, hypothesis test, correlation test, and coefficient of determination.

IV. RESULTS AND DISCUSSION

Validity and Reliability Test

Table 1. Validity Test Results

| Variables | Corrected items - Total correlation | N of Items | Test results |
|-----------------------------|-------------------------------------|------------|--------------|
| Transformational Leadership | 0.560 | 4 | Valid |
| Organizational Climate | 0.590 | 5 | Valid |
| Employee Engagement | 0.630 | 5 | Valid |

Source: Processed SPSS Data (2023)

Based on the validity test of Table 1 above, it is concluded that all indicators in the study have a value above 0.30, and the measurement items used in this research are valid. Next, a reliability experiment is carried out to measure the measurement items on the questionnaire items that describe the indicators of the variables. A questionnaire is reliable if a person's response to a question does not change or is normal occasionally.

Table 2. Reliability Test Results

| Variables | Cronbach's Alpha | N of Items | Test results |
|-----------------------------|------------------|------------|--------------|
| Transformational Leadership | 0.790 | 4 | Reliable |
| Organizational Climate | 0.832 | 5 | Reliable |
| Employee Engagement | 0.890 | 5 | Reliable |

Source: Processed SPSS Data (2023)

The results of the reliability experiment shown in Table 2 above prove that all indicators have a Cronbach alpha value for each instrument > 0.60 , so it can be concluded that all the instruments used are reliable.

Multiple Regression Test

Table 3. Multiple Regression Test Results

| Model | Unstandardized Coefficients | | t-count | Sig. |
|-----------------------------|-----------------------------|------------|--------------|-------------|
| | B | Std. Error | | |
| (Constant) | 5,114 | 2,801 | 3,210 | ,000 |
| Transformational Leadership | ,242 | 0.057 | 4,120 | ,000 |
| Organizational Climate | ,224 | 0.070 | 3,601 | ,000 |

Source: Processed SPSS Data (2023)

From the multiple linear regression above, the equation model is obtained: $= 5.114 + 0.242X_1 + 0.224X_2$, which means that transformational leadership and organizational climate positively affect employee engagement. Based on these equations, it can be explained as follows:

1. The constant value of 5.114 can be interpreted if the variables of transformational leadership and organizational climate are considered zero, then, the value of employee engagement will be in the range of values of 5.114.
2. The value of the beta coefficient on the transformational leadership variable is 0.242, which means that every change in the transformational leadership variable by one unit will result in a change in employee engagement of 0.242 units with the assumption that the other variables are at a constant value.

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors

3. The beta coefficient value on the organizational climate variable is 0.224, which means that every change in the organizational climate variable by one unit will result in a change in employee engagement of 0.224 units with the assumption that the other variables are at a constant value.

Simultaneous and Partial Hypothesis Testing

To examine the variable binding simultaneously, experiment F is used. Simultaneous hypothesis testing attempts to analyze whether transformational leadership and organizational climate variables can simultaneously influence employee engagement.

Table 4. Simultaneous Test Results

| Model | | Sum Squares | of df | F | Sig. |
|-------|------------|-------------|-------|---------------|--------------|
| 1 | Regression | 138,660 | 2 | 17,110 | ,000b |
| | Residual | 263,481 | 137 | | |
| | Total | 452,153 | 139 | | |

Source: Processed SPSS Data (2023)

Based on the results of the simultaneous test analysis in Table 4, the F-count value is 16,450 > from Ftable with (0.05; 2 vs 138) of 3.06 or with a significant 0.000 < 0.05, it can be interpreted as transformational leadership, and organizational climate affects employee engagement simultaneously. Subsequently, a partial test was conducted to analyze the effect of transformational leadership and organizational climate on employee engagement. Based on the results of data analysis in Table 3, the results of the t-test in this study are as follows:

1. Transformational leadership has a significant level of 0.000 < 0.05, meaning that transformational leadership significantly affects employee engagement.
2. Organizational climate obtained a significant level of 0.000 < 0.05, meaning that organizational climate significantly influences employee engagement.

Coefficient of Determination Test

The coefficient of determination is used to measure the ability of a model to explain the variation of the dependent variable. The results of the determination test in this study can be explained in Table 5 below:

Table 5. Coefficient of Determination Test Results

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|-------------|-------------------|----------------------------|
| 1 | .772a | ,596 | ,572 | 4,155 |

Source: Processed SPSS Data (2023)

Based on the results of the data analysis in Table 5 above, the coefficient of determination value is 0.596, which means that the level of employee engagement of 59.6% can be explained by transformational leadership and organizational climate, while other factors can explain the remaining 41.4% not discussed in this study.

V. CONCLUSIONS

The results of the first hypothesis show that transformational leadership positively and significantly affects employee engagement. Transformational leadership has a significant impact on employee engagement because this leadership approach focuses on inspiring, motivating, and developing employee potential. Transformational leaders have a clear vision of the future and can convey it in a motivating way. Employees who can see and understand this vision tend to feel more connected to the organization's goals, increasing their sense of ownership and meaning in their work. Transformational leaders can inspire employees to go beyond their limits. They create an environment where employees feel motivated to give their best, feel valued, and feel that their contributions are positively impacted. Transformational leaders focus on employees' personal and professional development. They provide support, training, and opportunities for employees to grow and develop. Employees who feel supported in personal development tend to be more committed to the organization. Furthermore, transformational leaders often demonstrate high levels of trust and fairness. They treat employees fairly, provide constructive feedback, and create a climate where employees feel valued. This can increase the level of employee satisfaction and involvement. The results of the second hypothesis show that organizational climate positively and significantly affects employee engagement. Organizational climate, or organizational climate, reflects an organization's atmosphere and psychological conditions. A positive organizational climate can

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors

contribute significantly to employee engagement. A positive organizational climate creates an atmosphere of acceptance and support. Employees who feel accepted and supported by their work environment tend to feel more connected to the organization and are more motivated to make maximum contributions. An organizational climate that encourages employee involvement in decision-making can increase a sense of ownership and responsibility. When employees feel that their opinions are valued and have an impact on decisions, they tend to be more committed to organizational goals. Trust in organizations is often related to perceptions of fairness and transparency. An organizational climate emphasizing fairness in policies, performance appraisals, and decision-making can increase employee trust and engagement. Organizations can build the foundation for high employee engagement by creating a supportive and positive organizational climate. Employees who feel comfortable, valued, and engaged in the work environment tend to be more productive and enthusiastic and stay in the organization longer.

ACKNOWLEDGMENT

On this occasion, the writing team would like to express their deepest gratitude to DRPM for the funding budget provided for the National Competitive Research Beginner Lecturer Research scheme for the 2023 implementation year. The writing team would also like to express their deepest gratitude to all parties involved in completing research and writing articles and to the entire academic community of the Sultan Agung College of Economics, who have supported our team.

REFERENCES

- 1) Alvi, A. K. and Abbasi, A. S. (2012) 'Impact Of Organizational Justice On Employee Engagement In Banking Sector Of Pakistan', *Middle East Journal of Scientific Research*, 12(5), pp. 643–649. doi: 10.5829/idosi.mejsr.2012.12.5.1725.
- 2) Ancarani, A., Di Mauro, C. and Giammanco, M. D. (2019) 'Linking Organizational Climate to Work Engagement: A Study in the Healthcare Sector', *International Journal of Public Administration*. Routledge, 42(7), pp. 547–557. doi: 10.1080/01900692.2018.1491595.
- 3) Asif, M. *et al.* (2019) 'Ethical Leadership, Affective Commitment, Work Engagement, and Creativity: Testing A Multiple Mediation Approach', *Sustainability (Switzerland)*, 11(16). doi: 10.3390/su11164489.
- 4) Bakker, A. B., Albrecht, S. L. and Leiter, M. P. (2011) 'Key Questions Regarding Work Engagement', *European Journal of Work and Organizational Psychology*, 20(1), pp. 4–28. doi: 10.1080/1359432X.2010.485352.
- 5) Balwant, P. T., Mohammed, R. and Singh, R. (2020) 'Transformational Leadership and Employee Engagement in Trinidad's Service Sector: The Role of Job Resources', *International Journal of Emerging Markets*, 15(4), pp. 691–715. doi: 10.1108/IJOEM-01-2019-0026.
- 6) Basoeky, U. *et al.* (2021) *Pemanfaatan Teknologi Digital: Dalam Berbagai Aspek Kehidupan Masyarakat*. Bandung: Media Sains Indonesia.
- 7) Butarbutar, M. *et al.* (2022) 'Examining Teacher Job Satisfaction Levels During a Pandemic: The Role of Transformational Leadership, Work-Life Balance and Interpersonal Communication', *Jurnal Pendidikan Progresif*, 12(2), pp. 414–424. doi: 10.23960/jpp.v12.i2.20220.
- 8) Efendi, E. *et al.* (2021) 'Can Job Satisfaction Mediate the Relationship between Emotional Intelligence and Spiritual Intelligence on Teacher Performance?', *Journal of Education Research and Evaluation*, 5(1), p. 136. doi: 10.23887/jere.v5i1.31712.
- 9) Efendi, E. *et al.* (2022) 'Factors Affecting Teacher Organizational Commitment: A Study on Private High School Teachers in Pematangsiantar City', *Jurnal Pendidikan Progresif*, 12(1), pp. 213–224. doi: 10.23960/jpp.v12.i1.202217.
- 10) Hair, J. F. (2014) *Multivariate Data Analysis 7th Edition*. New Jersey: Pearson Prentice Hall.
- 11) Inrawan, A. *et al.* (2022) 'Predictors Affecting Millennial Generation Work Satisfaction in Pematangsiantar City: a Quantitative Approach', *Applied Quantitative Analysis (AQA)*, 1(2), pp. 1–14. doi: 10.31098/quant.747.
- 12) Insyra, T. R. (2022) 'Pengaruh Transformational Leadership Terhadap Job Performance Dengan Work Engagement Sebagai Variabel Mediasi', *Jurnal Ilmu Manajemen*, 10, pp. 510–522.
- 13) Islam, T. *et al.* (2023) 'How Does Ethical Leadership Enhance Employee Work Engagement? The Roles of Trust in Leader And Harmonious Work Passion', *Kybernetes Journal*, 3(1), pp. 1–18. doi: 10.1108/K-09-2022-1343.
- 14) Leiter, M. P. and Bakker, A. B. (2010) 'Work engagement: Introduction', in Bakker, A. B. and Leiter, M. P. (eds) *Work Engagement A Handbook of Essential Theory and Research*. New York: Psychology Press, p. 218.
- 15) Liang, R. Da and Zhang, J. S. (2012) 'The Effect Of Service Interaction Orientation On Customer Satisfaction And Behavioral Intention', *Asia Pacific Journal of Marketing and Logistics*, 24(1), pp. 153–170.
- 16) Lie, D. *et al.* (2019) 'The Impact of Work Discipline and Work Ethic on the Teacher Performance of Sultan Agung Pematangsiantar Private Middle School Teachers T.A. 2018/2019', *International Journal of Business Studies*, 3(3), pp. 125–135. doi: 10.32924/ijbs.v3i3.83.
- 17) Lie, D., Dharma, E. and Sudirman, A. (2021) 'Measurement of Teacher Performance in Pematangsiantar City Middle School Through Teacher Certification, Motivation, and Job Satisfaction', in *Proceedings of the 2nd Annual Conference*

Analysis of Employee Engagement with Transformational Leadership and Organizational Climate as Predictors

on *Blended Learning, Educational Technology and Innovation (ACBLETI 2020) Measurement*, pp. 396–401.

- 18) Listya Astika, N. F. and Saptoto, R. (2018) 'Peran Resiliensi dan Iklim Organisasi terhadap Work Engagement', *Gadjah Mada Journal of Psychology (GamaJoP)*, 2(1), p. 38. doi: 10.22146/gamajop.31868.
- 19) Meng, F. *et al.* (2022) 'Linkages Between Transformational Leadership, Work Meaningfulness and Work Engagement: A Multilevel Cross-Sectional Study', *Psychology Research and Behavior Management*, 15, pp. 367–380. doi: 10.2147/PRBM.S344624.
- 20) Pandey, S. and David, S. (2013) 'A Study of engagement at work: What drives employee engagement?', *European Journal of Commerce and Management Resesarch*, 2(7), pp. 155–161.
- 21) Peng, J. *et al.* (2021) 'Environmentally Specific Transformational Leadership and Team Pro-Environmental Behaviors: The Roles of Pro-Environmental Goal Clarity, Pro-Environmental Harmonious Passion, and Power Distance', *Human Relations*, 74(11), pp. 1864–1888. doi: 10.1177/0018726720942306.
- 22) Rahimic, Z. (2013) 'Influence of Organizational Climate on Job Satisfaction in Bosnia and Herzegovina Companies', *International Business Research*, 6(3), pp. 129–139. doi: 10.5539/ibr.v6n3p129.
- 23) Bin Saeed, B. *et al.* (2019) 'Does Transformational Leadership Foster Innovative Work Behavior? The Roles of Psychological Empowerment, Intrinsic Motivation, and Creative Process Engagement', *Economic Research-Ekonomska Istrazivanja*. Routledge, 32(1), pp. 254–281. doi: 10.1080/1331677X.2018.1556108.
- 24) Sherly, Halim, F. and Sudirman, A. (2020) 'The Role Of Social Media In Increasing Market Share Of Msme Products In Pematangsiantar City', *Jurnal Manajemen dan Bisnis*, 9(2), pp. 61–72.
- 25) Siahaan, Y., Susanti, E. and Sudirman, A. (2020) 'Effect of firm characteristics on firm value through triple bottom line disclosure: Pharmaceutical companies listed on Indonesia stock exchange', *International Journal of Scientific and Technology Research*, 9(2), pp. 2228–2234.
- 26) Silalahi, M. *et al.* (2020) *Dasar-Dasar Manajemen & Bisnis*. Medan: Yayasan Kita Menulis.
- 27) Silalahi, M. *et al.* (2021) 'Analysis of Teacher Performance Assessed from the Aspects of Organizational Culture , Motivation , and Competence', *Journal of Educational Research and Evaluation*, 5(3), pp. 406–413.
- 28) Simatupang, S. *et al.* (2022) 'Determinants of Innovative Work Behaviorof MSME Employees during the Covid-19 Pandemic in Pematangsiantar City', *Valid: Jurnal Ilmiah*, 20(1), pp. 54–63.
- 29) Sofiyani, S. *et al.* (2022) 'Testing the Relationship between Employee Engagement and Employee Performance : The Urgency of Self Efficacy and Organizational Justice as Predictors', in *The 3rd International Conference on Advance & Scientific Innovation (ICASI)*. Knowledge E, pp. 425–440. doi: 10.18502/kss.v7i10.11382.
- 30) Sugiyono (2015) *Metode Penelitian Kuantitatif, kualitatif dan R & D*. Bandung: Alfabeta.
- 31) Suryani, N. K. *et al.* (2021) *Pengantar Manajemen dan Bisnis*. Bandung: Widina Bhakti Persada.
- 32) Welbourne, T. M. (2007) 'Employee Engagement: Beyond The Fad And Into The Executive Suite', *Leader to Leader*, 2007(44), pp. 45–51. doi: 10.1002/ltl.231.
- 33) Wibisono, A. (2021) 'Kepemimpinan dan Iklim Organisasi sebagai Deteminan Work Engagement', *Jurnal Riset dan Aplikasi: Akuntansi dan Manajemen*, 5(1), pp. 109–116. doi: 10.33795/jraam.v5i1.010.
- 34) Yu, C., Yu, T. F. and Yu, C. C. (2013) 'Knowledge Sharing, Organizational Climate, and Innovative Behavior: A Cross-Level Analysis of Effects', *Social Behavior and Personality*, 41(1), pp. 143–156. doi: 10.2224/sbp.2013.41.1.143.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.