

Increasing Employee Job Performance, the Effects of Perceived Organizational Support and Transformational Leadership, Mediated By Work Engagement

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ABSTRACT

Keywords: Perceived organizational support, transformational leadership, work engagement, job performance.	Rapid developments in the financing industry sector in Indonesia have created dynamic and challenging business competition. Sustainable business growth is one crucial achievement that is a point of competition between finance companies. Therefore, the optimal job performance of each employee is a significant factor. Previous studies have shown a connection between job performance with variables such as POS, transformational leadership, and work engagement in other industrial sectors. This study was aimed at analyzing the influence of said variables among finance company employees in Central Jakarta and South Jakarta. The research was conducted in quantitative methods with primary data collection using questionnaires. The sample was taken using a purposive sampling technique, with a total of 250 respondents who are employees of finance companies in selected areas. Data analysis used the Structural Equation Model (SEM) with AMOS version 22 software and the Sobel Test to calculate the effects of each variable and its connection. This research results show that POS and transformational leadership have a positive influence on the job performance of finance company employees in Indonesia. It was also revealed that work engagement does have a mediating role in the relationship between the previous variables and job performance. In this context, the study indicates that factors from within and outside employees, such as POS and transformational leadership, play a role in improving their job performance by also increasing work engagement.
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Introduction

Finance companies play a central role in supporting economic activity by providing diverse financial solutions. Financing can help the functioning of a circular economy by slowing down or increasing the productivity of resource use (Bocok, Hinke, & Abraham,

2023). The rapid development of the finance company sector in Indonesia, especially those operating in Central Jakarta, has created dynamic and challenging business competition. Sustainable business growth is an important factor that is a point of competition between finance companies. Growth in asset value and profitability also makes the company better in the eyes of investors, providing more significant investment opportunities (Dedi, Seyla, & Lilia, 2022). Employees are a crucial element in the company, and company achievements are closely related to employee performance. Therefore, in creating and maintaining sustainable business growth in finance companies, the optimal performance of each employee is a very important factor.

Job performance can be defined as something that an individual does and can be observed, thereby producing value and contributing to the goals of the organization where he works (Campbell & Wiernik, 2015). Job performance is closely related to individual behaviour at work because this is a manifestation of actions or activities that are considered important for achieving organizational goals. Employees who always dedicate time to carry out activities that are already, or are not, their obligations, will undoubtedly produce higher value and contribution than employees who wait for work to come to them. This certainly applies in general, including to employees of finance companies. Therefore, company leaders need to identify and implement things that make their employees' behaviour in line with company goals.

One of the things that finance companies need to pay attention to in improving the job performance of employees is the factors that influence it. Several previous studies have shown the influence of work engagement on job performance (Mufarrikhah, Yuniardi, & Syakarofath, 2020). A study of 399 employees at a well-known information technology company in China confirmed that the level of work engagement has a positive and significant impact on performance. Research conducted on 389 middle-class employees at travel agency companies in Egypt also showed the same results (El-Sherbeeney et al., 2023).

Work engagement can be influenced by two factors, namely situational factors and personal factors (Karatepe & Aga, 2016). Situational work engagement includes the organization, socio-cultural environment, and work, which includes working conditions, feedback, and interpersonal climate. Personal factors that can influence work engagement include demographic and psychological. Perceived organizational support (POS) is a situation where employees perceive the organization as supporting and caring about their welfare. POS is a perspective that itself comes from the employee's personality, however, it is very much determined by the work situation within the organization, which is related to the interpersonal climate, working conditions, and the feedback they get at work.

Transformational leadership is a form of leadership that prioritizes dedication to the success of the organization rather than personal interests and can have a significant influence on team members or subordinates. Inspirational motives in this leadership style can influence employees' active participation in tasks within the organization and increase work engagement.

Previous research discussed the influence of POS on the performance of banking employees in North Cyprus with work engagement (Junça Silva & Lopes, 2023) as well as the influence of transformational leadership on the performance of nurses in two hospitals in Taiwan (Lai et al., 2020). There still needs to be more research that discusses the influence of POS and transformational leadership on performance through work engagement in employees of non-bank financial industry companies operating in the financing sector. This research was conducted to determine the effect of POS and transformational leadership on employee performance through increasing work engagement at several financing companies in the Tanah Abang, North Jakarta, and Setiabudi, South Jakarta areas.

Research conducted by Uçar and Kerse (2022) found that POS had a positive effect on the job performance of 222 workers in the manufacturing sector in Turkey. Similar results were also found by Ratnasari et al. (2023) in their research on 157 non-medical health workers at Aliyah RSU, Kendari City. On the other hand, research by Wójcik-Karpacz et al. (2019) on 478 workers in the technology industry in Poland also indicated that POS has a positive influence on job performance. Based on the studies above, the following hypothesis is formulated:

H1: Perceived Organizational Support has a positive effect on Job Performance

Research by (Lai, Tang, Lu, Lee, & Lin, 2020), 507 nurses in two hospitals in Taiwan showed that there was a positive influence between the transformational leadership applied by their supervisors on performance. In addition, research on 845 hotel employees in Jiangsu, China by (Jiatong et al., 2022) also shows that transformational leadership has a positive effect on employee performance. Research (Anggiani, 2021) on 85 employees of the company PT XL Axiata, Tbk. also shows the same thing.

Method

This research is included in the causal research category, which was carried out by collecting data from finance companies around Tanah Abang District, Central Jakarta, and Setiabudi District, South Jakarta as research objects with a cross-sectional design. The independent variables studied were perceived organizational support (POS) and transformational leadership. The dependent variable in this research is job performance, and the mediating variable in this research is work engagement. The research sample was selected using a non-probability sampling method and a purposive sampling type with a total of 250 employees as respondents. The questionnaire indicators for each variable used for this research were taken from (Rhoades & Eisenberger, 2002) for POS with 9 statement items, (Zheng, Wu, Xie, & Li, 2019) for transformational leadership with five statements, (Charli, Masnum, Hidayat, Menhard, & Hartoyo, 2023) for work engagement with 17 statements, and (Kundu, Kumar, & Gahlawat, 2019) with four statements. All variables and indicators are measured using an interval scale with a Likert scale measurement scale using 5 selected scores. Data analysis used to test the hypotheses uses the Structural Equation Model (SEM) with the software used SPSS version 22, AMOS 22 to test direct effects, and the Sobel Test to test indirect effects between variables.

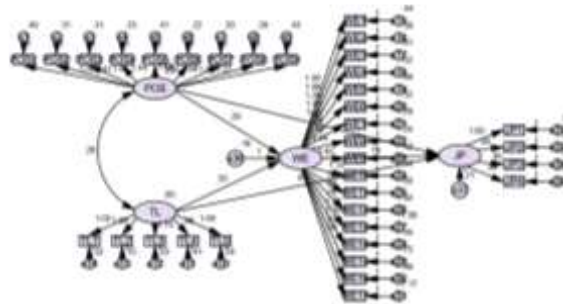


Figure 1 Research SEM Model

Validity and Reliability Test

The validity test aims to assess whether the questionnaire is valid or not. The validity of a questionnaire can be considered fulfilled if the statements in the questionnaire can be measured and successfully reveal the aspects you want to measure in the research. The validity testing process was carried out using the SPSS version 22 application, which correlated the indicator item scores with the total score. Because the number of respondents is 250 people, each indicator must have a factor loading of at least 0.35 (Hair, Risher, Sarstedt, & Ringle, 2019). From the results of data processing using this application, it was found that each indicator for each variable was declared valid.

Reliability tests are carried out to evaluate the extent to which measurement results remain consistent when measurements are carried out repeatedly. The purpose of reliability testing is to assess the reliability of a measuring instrument, especially a questionnaire. A measuring instrument is said to be reliable if the measurement results are consistently reliable; in other words, repeated use of the measuring instrument will produce results that are relatively similar to the previous measurement. Measuring the reliability of this research scale or questionnaire was carried out using Cronbach's Alpha method with a minimum value of 0.60. From the results of data processing using the SPSS version 22 application, it was found that each indicator for each variable was declared reliable.

Table 1
Validity and Reliability Test

Indikator	Factor Loadings	Cronbach's Alpha	Conclusion
Perceived Organizational Support (POS)			
POS1	0.606	0,919	VALID AND RELIABLE
POS2	0.794		
POS3	0.808		
POS4	0.811		
POS5	0.741		
POS6	0.859		
POS7	0.859		
POS8	0.793		
POS9	0.722		
Transformational Leadership (TL)			
TL1	0.855	0,915	VALID AND RELIABLE
TL2	0.905		
TL3	0.899		
TL4	0.805		
TL5	0.857		
Work Engagement (WE)			
WE1	0.654	0,913	VALID AND RELIABLE
WE2	0.712		
WE3	0.696		
WE4	0.720		
WE5	0.636		
WE6	0.584		
WE7	0.817		
WE8	0.837		
WE9	0.775		
WE10	0.777		
WE11	0.537		
WE12	0.551		
WE13	0.417		
WE14	0.758		
WE15	0.671		
WE16	0.544		
WE17	0.374		
Job Performance (JP)			
JP1	0.841	0,839	VALID AND RELIABLE
JP2	0.829		
JP3	0.855		
JP4	0.767		

The goodness of Fit Test

The goodness of fit index is used to determine how precisely the observed variables correspond to the expected results. It could be concluded that this research model fell within the goodness of fit criteria. This is shown from the results that there are still criteria from the GOF test that are included in these criteria, namely the CFI criteria, where the

calculation results show that the CFI value is greater than the criteria (≥ 0.90), namely 0.901 for CFI, then the AGFI criteria, where the stipulation value is $\leq$ GFI, then the calculation results show that the value obtained is appropriate, namely $0.552 \leq 0.606$. Thus, the model used in this research is considered good. Therefore, it is fit for hypothesis testing.

Results and Discussion

Responses from a total of 250 employees to the variables are explained using the average value of each variable as a measurement of the respondents' answers to the research variables used. The following are descriptive statistics or conclusions about the characteristics of the respondents' answers to each of the research variables in a 1 to 5 Likert scale.

Table 2
Descriptive Statistics of Variables

Variable	Total Mean	Avg. Std. Deviation
POS	3.617	0.891
TL	3.658	0.955
WE	3.524	0.993
JP	3.972	0.838

In this study, were seven hypotheses tested. Hypothesis testing in this research uses SEM analysis with the AMOS software and the Sobel Test. The error tolerance limit used is 5% ($\alpha = 0.05$) based on decision making; if $p\text{-value} \leq 0.05$, then H_0 is rejected and H_a is supported; if $p\text{-value} \geq 0.05$, then H_0 is supported and H_a is rejected. The test decision can be concluded that if the hypothesis has a $p\text{-value} \leq 0.05$, it means the hypothesis is supported, and there is an influence between the variables. Then, if the $p\text{-value} \geq 0.05$ the hypothesis fails to be supported, and there is no influence between the variables.

Table 3
Results of Direct Effects

Variables	Theory	Beta	Std. Error	TStat	Conclusion
POS→JP	+	0.241	0.108	8.196	H1 Supported
TL→JP	+	0.138	0.055	1.500	H2 Supported
POS→WE	+	0.289	0.102	2.839	H3 Supported
TL→WE	+	0.300	0.065	4.623	H4 Supported
WE→JP	+	0.749	0.109	6.840	H5 Supported

The result shows that POS has a coefficient value of 0.241, meaning that the higher the POS perception value, the higher the perception of performance (JP), namely 0.241 units. The statistical test results show a beta sign by the proposed hypothesis, where POS

has a positive effect on job performance, as shown in the output results table above so H1 is accepted. This indicates that the perception of organizational support received by employees contributes positively and meaningfully to increasing their performance. The greater the support felt by the organization, such as recognition, assistance, or a supportive work environment, the greater the level of performance of finance company employees.

In the case of hypothesis 2 (H2), the higher the perceived value of transformational leadership (TL), the higher the perception of job performance. In this case, TL has a coefficient value of 0.138 on JP. Results of the statistical test show that the beta sign is by hypothesis 2. Transformational leadership does have a positive effect on job performance. Thus H2 is accepted. This shows that a leadership style that inspires, motivates, and guides subordinates in a transformative manner has an impact that supports improving the performance of finance company employees.

Regarding the third hypothesis (H3), the results show POS has 0.289 points of coefficient value on work engagement (WE). The higher the POS perception value, the higher the perception of work engagement, in this case, 0.289 units. As shown in the output results table above, the beta sign is also by the proposed hypothesis, where POS has a positive effect on work engagement, meaning H3 is accepted. This means that employee perceptions of perceived support from the organization, such as appreciation, attention to employee needs, or efforts to create a supportive work environment, are positively related to the level of involvement of finance company employees.

The test on hypothesis 4 (H4) results in transformational leadership with a coefficient value of 0.300. This means the perceived value of transformational leadership is equivalent to 0.300 units of the perception in work engagement. Statistical results showed the beta sign is in line with the fourth hypothesis, where transformational leadership has a positive effect on work engagement. This result makes H4 accepted. The outcome of the tests indicates that an inspirational leadership style, guiding, and oriented toward individual development can directly influence the level of engagement of employees in work. An adored leader will make their employees agree to attach themselves further to the job they are performing and the organization itself.

The higher the perceived value of work engagement, the higher the perception of job performance. The tests showed that work engagement has a coefficient value of 0.749 towards job performance. Statistical results showed a beta sign by the fifth hypothesis (H5), where job performance is affected positively by work engagement, therefore H5 is accepted. The output results shown in the table above indicate that the level of employee engagement in work has a meaningful positive relationship with their level of job performance. The more an employee is engaged with their work, the more their performance in that working activity improves.

Table 4
Results of Indirect Effects

Variables	Estimation	P-Value	Conclusion
POS→WE →JP	0.157	0.04453814	H6 Supported
TL→WE →JP	0.045	0.02749605	H7 Supported

Results from the testing of hypothesis 6 (H6) show that POS influences job performance which is mediated by work engagement at 0.157 points of coefficient value. As per the previous connections, the higher the perception of work engagement which mediates the relationship of POS towards job performance, the higher the perception of job performance itself. The test results above show that the p-value is at $0.04453814 < 0.05$ (alpha 5%), thus H_a is accepted and H_o is rejected. It can be concluded statistically at a confidence level of 95%, work engagement can fully mediate between POS and job performance, thus H6 is accepted. Lastly, results from testing hypothesis 7 (H7) show the coefficient value of transformational leadership on job performance which is mediated by work engagement is at 0.045 points. This means that the higher the perception of work engagement which mediates the relationship between transformational leadership and job performance, the higher the perception of job performance itself. The p-value is $0.02749605 < 0.05$ (alpha 5%) so H_a is accepted and H_o is rejected. This means that at a confidence level of 95%, work engagement may fully mediate the relationship between transformational leadership and job performance, making H7 also accepted. The shown result means that there is a mechanism where the influence of POS and transformational leadership on job performance is largely or completely explained through the level of employee work engagement. In other words, POS and transformational leadership influence job performance not only directly but also through their influence on levels of work engagement.

Conclusion

Based on the data analysis and discussion that has been carried out, in this study it can be concluded that all research hypotheses are supported. There is a positive influence of POS and transformational leadership on job performance. Work engagement also acts as a significant mediator, explaining most of the relationship between POS, transformational leadership, and job performance. The implication is that perceived organizational support (POS) and transformational leadership contribute positively to employees' work engagement, which in turn improves their performance on the job. Companies must be able to show that their employees are subjects whose existence and efforts are appreciated. Company leaders must be able to inspire and foster a sense of loyalty in each employee. The findings of this research underline the importance of creating a supportive work environment and inspirational leadership in increasing work

engagement and employee performance, especially within the scope of finance companies in Indonesia.

Researchers suggest that finance companies should prioritize employees in leadership roles who have the competence, knowledge, and soft skills to motivate and inspire their subordinates so that their performance in doing jobs may increase. No less important, companies can build a good work environment as a performance indicator in managing human resources as company capital. Apart from that, the researcher hopes to be able to expand the reach of this research to a wider scope, therefore the researcher provides suggestions for future researchers to conduct studies in other regions or other non-bank financial industries in Indonesia. Researchers also provide suggestions for examining the influence of POS and transformational leadership on other dependent variables such as employee turnover, or examining the influence of other independent variables such as ergonomics on employee performance.

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