

# The Effect of Transformational Leadership, Organizational Culture, and Job Satisfaction on Employee Engagement

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**Abstract:-** This study aims to analyze the effect of transformational leadership, organizational culture, and job satisfaction on employee engagement. This type of research is carried out quantitatively and for the research method used is the method of associative explanation level. The object of this research is BPJS Ketenagakerjaan. The sampling method used was probability sampling with the sampling technique using simple random sampling with a total sample of 100 people in the study. Data analysis was performed using Structural Equation Modeling (SEM) with Partial Least Square (smart-PLS) software. The results obtained in this study 1) Transformational Leadership and Organizational Culture have a positive and not significant effect on Employee Engagement 2) Job Satisfaction have a positive and significant effect on Employee Engagement 3) Transformational Leadership, Organizational Culture, and Job Satisfaction together have a positive and significant effect on Employee Engagement.

**Keywords:-** Transformational Leadership, Organizational Culture, Job Satisfaction, Employee Engagement.

## I. INTRODUCTION

The existence of humans in an organization has a very vital position. The success of an organization is largely determined by the quality of the people who work in it. Environmental changes that are so fast require their ability to capture the phenomenon of change, analyze its impact on the organization and prepare steps to deal with these conditions. Listening to the above facts, the role of human resource management in an organization is not just administrative, but rather leads to how to be able to develop the potential of human resources to be creative and innovative.

In line with this, BPJS Ketenagakerjaan continuously offers innovative programs so that BPJS Ketenagakerjaan will not only benefit workers and employers, but also make an important contribution to increasing the nation's economic growth and the welfare of the Indonesian people.

Various efforts by BPJS Ketenagakerjaan to obtain and develop the best quality of human resources have been made to achieve organizational goals. One of them is through strategic initiatives aimed at motivating employees and achieving performance and supporting employee engagement. Employee engagement is a human capital management concept that is expected to be able to create employee engagement with the organization.

Year	Employee Engagement Level
2016	92%
2017	99.87%
2018	83.60%
2019	88%

Table 1:- Employee Engagement Level BPJS Ketenagakerjaan

Source: Management Data, 2020

Based on the table 1. Employee Engagement Level of BPJS Ketenagakerjaan, it is known that the acquisition of engagement levels from 2016 to 2017 has increased. Meanwhile, in 2018, employee engagement rates decreased and increased again in 2019. This illustrates that employee engagement levels can continue to change from time to time. The challenge faced by BPJS Ketenagakerjaan is how to maintain or even increase the percentage of employee engagement levels with the ultimate goal of getting quality employees.

## II. LITERATUR REVIEW

### A. Transformational Leadership

Bass (1998) in Sahu (2018) states that transformational leaders care for each other, stimulate each other intellectually, inspire each other, and help achieve the goals of the organization. According to Bass in Robbins and Coulter (2016) with transformational leadership, his subordinates feel trust, loyalty, and respect for the leader, and they are motivated to do more than what they initially expected. Ghadi et al. (2013) in Sahu (2018) suggest that transformational leadership is one of the most sought-after approaches for the behavior of leaders who want to change and inspire their subordinates to have great value for the organization. Transformational leadership has the ability to influence, motivate, and stimulate individual knowledge and judgment. Bass (1998) in Sahu (2018) suggests that

transformational leadership consists of four dimensions, namely Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration.

#### B. *Organizational Culture*

Organizational culture is the values, principles, traditions and ways of working that are shared by members of the organization and influence the way they act and differentiate the organization from other organizations. Yukl (2015) defines organizational culture as a set of values, principles, traditions, and ways of working that are shared by and influence the behavior and actions of organizational members. Organizational culture defines what is and is not important in the company. Organizational culture is a system of shared meaning formed by its citizens as well as a differentiator from other organizations (Robbins, 2007). Culture as a pattern of shared basic assumptions acquired by groups when solving problems of external adjustment and internal integration has worked well enough to be considered legitimate and is therefore expected to be taught to new members as the proper way to accept, think and feel. related to this problem (Rivai, 2018). Organizational culture according to Stephen P. Robbins (2003: 525) is a general perception held by organizational members, a system of shared meaning. Denison in Sobirin (2009: 190) says there are four dimensions of organizational culture which he believes are related to the level of organizational effectiveness. The four cultural dimensions are: Involvement, Consistency, Adaptability, and Mission.

#### C. *Job Satisfaction*

Job satisfaction has a significant effect on company performance. According to Locke (1969) in Yuh and Choi (2017), job satisfaction can be defined as a pleasant or positive emotional state resulting from an assessment of one's job or work experience. Then according to Spector (1997) in Yuh and Choi (2017) says that job satisfaction is how much employees like or dislike work on the aspects of the job. According to Robbins and Judge (2013; 79), job satisfaction has five dimensions, namely: the job itself, salary, promotion opportunities, leadership, co-workers.

#### D. *Employee Engagement*

Employee engagement explains that employees who are engaged are employees who are involved and enthusiastic about the work they have. This also shows that employee engagement is one of the positive work attitudes that the company expects from its employees. Bakker et al., (2004, in Albrecht, 2010) argue that engagement is best conceptualized and characterized by a high level of energy and a strong identification with one's work. According to Robertson and Cooper (2009 in Rothmann and Welsh, 2013), employee attachment is very important. This is because employee engagement has an impact not only on organizational output but also has a positive impact on employee psychological health. Schaufeli and Bakker (2004) define that engagement is a positive thing, full of feelings, thoughts related to work and all of them are characteristics of engagement. Schaufeli and Bakker (2004) state that there are three dimensions to Employee Engagement (vigor, dedication, and absorption).

### III. FRAMEWORK RESEARCH

#### A. *Transformational Leadership Relationship with Employee Engagement*

Evelyn and Elegwa (2015) say that transformational leadership has a positive and significant effect on employee engagement. In addition, Basuki (2018) also said that transformational leadership significantly affects employee engagement. A good leadership style will be able to increase employee attachment to the organization so that it can help in achieving company goals.

H1: Transformational leadership has a positive and significant effect on employee engagement.

#### B. *Organizational Culture Relationship with Employee Engagement*

According to Puspita and Sembiring (2016), there is a significant influence between organizational culture (involvement, consistency, adaptability, and mission) on employee engagement. Through organizational culture, commitment will be created and improve the consistency of employee attitudes.

H2: Organizational culture has a positive and significant effect on employee engagement

#### C. *Job Satisfaction Relationship with Employee Engagement*

Affini and Surip (2018) state that job satisfaction has a direct effect on employee engagement. When a company has employees with a high level of job satisfaction, it can provide benefits for the company. Companies become more efficient in doing their jobs when they have satisfied employees.

H3: Job Satisfaction has a positive and significant effect on employee engagement.

#### D. *Relationship between Transformational Leadership, Organizational Culture, and Job Satisfaction with Employee Engagement*

Based on Sari, Pattipawae, and Kurniasih (2017), transformational leadership and organizational culture have a positive and significant effect on employee engagement. It is said that the better the application of transformational leadership and organizational culture, the higher the level of employee engagement. vice versa. Vorina, et al (2017) also said that there was a positive and significant influence between employee engagement and job satisfaction.

H4: Transformational Leadership, Organizational Culture, and Job Satisfaction together have a positive and significant effect on employee engagement.

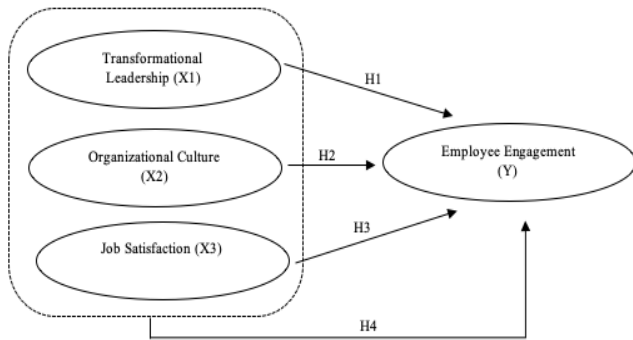


Fig 1:- Research Framework  
Source: Author’s Data Processing (2020)

**IV. RESEARCH METHODS**

**A. Research Methods**

This research using quantitative methods by primary data in the surveys form. A The research method is the associative explanatory level method used to determine the independent variable regression (X), with the dependent variable (Y), is called regression research that aims to find the presence or absence of influence between variables, and if there is how much influence and means whether or not the influence.

**B. Data Collection Method**

The independent variables in this study are Transformational Leadership, Organizational Culture, and Job Satisfaction, the dependent variable is Employee. The primary data in this study is the distributing result questionnaires to selected samples using a simple random sampling technique using a Likert scale. Secondary data in this study is in the form of employee engagement evaluation report data for 2016-2019 issued by BPJS Ketenagakerjaan.

**C. Population and Sampling Method**

Population in this study were BPJS Ketenagakerjaan employees. This research uses probability sampling technique with simple random sampling method. The sample collection technique used in this study is the Rao Purba formula, namely:

$$n = \frac{Z^2}{4(MOE)^2}$$

Then the samples in this study were 89 samples rounded up to 100 samples.

**D. Data Analysis Techniques**

This study uses components or variance Based Structural Equation to analyze data processing uses the Partial Least Square (smart - PLS) program. PLS is an alternative model of covariance-paradictive analysis in situations of high complexity and low theoretical support. There are two models in PLS Path modeling, they are Outer Model and Inner Model.

**V. FINDINGS AND DISCUSSION**

**A. Evaluation of Outer Model**

**1) Convergent Validity**

Convergent Validity is a factor loading value on latent variables with the indicators. Said to be valid if the loading factor > 0.7. Based on the measurement model above, all indicators have a loading factor greater than 0.7 so that it is declared significant.

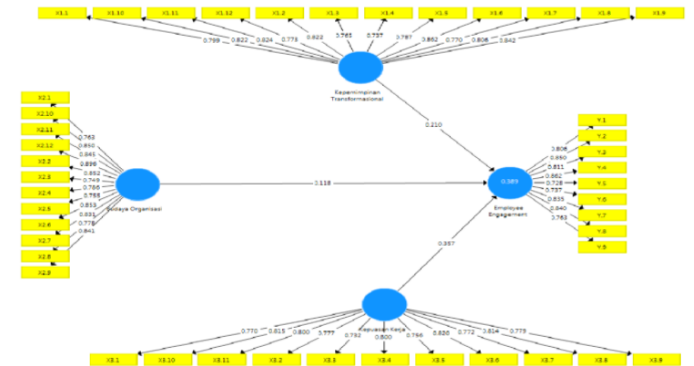


Fig 2:- Convergent Validity  
Source: Result of analysis SmartPLS 3.2.8

**2) Average Variance Extracted (AVE)**

AVE Value used to measure the amount of variance that can be captured by the construct compared to the variance caused by measurement errors. Terms of AVE value > 0.50.

Variable	AVE Value
Transformational Leadership (X1)	0.642
Organizational Culture (X2)	0.669
Job Satisfaction (X3)	0.617
Employee Engagement (Y)	0.648

Table 2:- Average Variant Extracted (AVE)  
Source: Results of analysis using SmartPLS 3.2.8

Based on the table above, all variables having value AVE > 0.50 so each indicator has been able to reflect each of its variables validly.

**3) Cronvach’s Alpha and Composite Reliability**

Having high reliability Data if the Cronbach's Alpha value > 0.6 and Composite Reliability value > 0.7 (Imam Ghozali, 2014).

Variable	Composite Reliability	Terms	Cronbach's Alpha	Terms	Information
Transformational Leadership (X1)	0.956	> 0.7	0.949	> 0.6	Reliable
Organizational culture(X2)	0.960	> 0.7	0.955	> 0.6	Reliable
Job Satisfaction (X3)	0.947	> 0.7	0.938	> 0.6	Reliable
Employee Engagement (Y)	0.943	> 0.7	0.932	> 0.6	Reliable

Table 3:- Cronbach's Alpha and Composite Reliability  
Source: Results of analysis using SmartPLS 3.2.8

**B. Evaluation of Inner Model**

The inner model is a test of the type and magnitude of influence of the independent latent variable on the dependent latent variable.

Independent Variable	Dependent Variable	R Square
Transformational Leadership, Organizational Culture, Job Satisfaction	Employee Engagement	0.389

Table 4:- Value of R-Square (R<sup>2</sup>)

Source: Results of analysis using SmartPLS 3.2.8

Seen in the relationship table between constructs based on R-square values can be explained that the OCBE variable is 0.389, this shows that 38.9% of the Employee Engagement variable can be influenced by variables Transformational Leadership, Organizational Culture, and Job Satisfaction, while the remaining 61.1% is influenced by other variables outside the study.

**C. Research Hypotesis Testing**

Relations Between Constructs	Original Sample (O)	T Statistics	P Values	Information
Transformational Leadership→Employee Engagement	0.210	1.476	0.141	Not Significant Positive influence
Organizational culture→Employee Engagement	0.118	0.703	0.483	Not Significant Positive influence
Job satisfaction→Employee Engagement	0.357	2.756	0.006	Significantly Positive influence
Transformational Leadership, Organizational Culture, Job Satisfaction→Employee Engagement	0.389	4.012	0.000	Significantly Positive influence

Table 5:- T Statistics and P Values

Source: Results of analysis using SmartPLS 3.2.8

Hypothesis Testing in this study are as follows:

1) *Transformational leadership has no significant positive effect on employee engagement.*

Based on the results of in-depth interviews conducted at BPJS Ketenagakerjaan, it was found that leaders could not yet become role models for their subordinates. The results of the survey conducted show that the leadership's idealized influence on employees is still lacking. Therefore hypothesis 1 (H1), in this study which states that "Transformational Leadership (X1) has a positive and significant effect on Employee Engagement" is **rejected**.

2) *Organizational culture has a positive and insignificant effect on employee engagement.*

The existence of regulatory changes that continues to occur requires BPJS Ketenagakerjaan to adapt and continue to innovate. Changes in organizational culture that occur cannot be fully consistent and it also takes time for employees to adapt to these cultural changes. Therefore Hypothesis 2 (H2), in this study which states that "Organizational Culture (X2) had a positive and significant effect on Employee Engagement" is **rejected**.

3) *Job satisfaction has a significant positive effect on employee engagement.*

Employee welfare, which is always considered by the company, makes employees satisfied with their work. Having the opportunity to be able to choose the desired job keeps employees motivated to work better. Remuneration that is adjusted to the results of employee performance also makes employees feel fair. Therefore Hypothesis 3 (H3), in this study which states that "Job Satisfaction (X3) has a positive and significant effect on Employee Engagement" is **accepted**.

4) *Transformational leadership, organizational culture, and job satisfaction together have a significant positive effect on employee engagement.*

Positive results from transformational leadership, organizational culture, and job satisfaction, if done optimally, will be able to increase employee engagement. Career development and continuously improving employee facilities can support employees to be continuously involved in achieving company goals. Therefore Hypothesis 4 (H4), in this study which states that, "Transformational Leadership, Organizational Culture, and Job Satisfaction Together have a positive and significant effect on Employee Engagement" is **accepted**.

**VI. CONCLUSIONS AND SUGGESTIONS**

**A. Conclusions**

Based on the discussion regarding the Effect of Transformational leadership, organizational culture, and job satisfaction on employee engagement at BPJS Ketenagakerjaan the following conclusions are:

- 1) Transformational leadership and organizational culture have not a significant effect on employee engagement.
- 2) Job satisfaction have a positive and significant effect on employee engagement.
- 3) Transformational leadership, organizational culture, and job satisfaction together have a positive and significant effect on employee engagement.

**B. Sugestions**

- 1) The existence of a leadership development program that emphasizes the improvement of a leader who can be used as a role model (idealized influence) to his subordinates. This can be done by implementing it through a project assignment.
- 2) Creating an organizational culture framework so that if there is a change in the structure of the Board of Directors and the Supervisory Board, BPJS Ketenagakerjaan can consistently apply an organizational culture that does not leave the framework that has been created even though there is a change in the leadership structure.
- 3) Management must continue to evaluate employee welfare from various perspectives such as demographic location (employee placement) and employee talent interest in a job (rotation and transfer) on a regular basis.

- 4) Optimizing internal job posting where employees have the same opportunity to get the type of job they want through assessment of employees who want the position.

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