

TRANSFORMATIONAL LEADERSHIP, PSYCHOLOGICAL EMPOWERMENT, AND TASK PERFORMANCE: THE MEDIATING ROLE OF WORK ENGAGEMENT

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Abstract

Task performance is an important factor in achieving service quality and organizational effectiveness in the banking sector. This study aims to examine the relationship between transformational leadership, psychological empowerment, and task performance, as well as the mediating role of work engagement among employees at Bank BJB Tegal Branch. Grounded in the Job Demands-Resources (JD-R) Theory, transformational leadership is viewed as an organizational resource, while psychological empowerment is considered a personal resource that can enhance employees' work engagement and performance. This study employs a quantitative approach using a survey method. Data are collected through a structured questionnaire distributed to employees of Bank BJB Tegal Branch and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The proposed research model examines the direct effects of transformational leadership and psychological empowerment on task performance and work engagement, as well as the indirect effects through work engagement. This study is expected to contribute to the human resource management literature by providing a better understanding of the mechanisms through which leadership and psychological resources influence employee performance in the banking industry. The findings are also expected to provide practical insights for organizations in developing effective leadership and employee engagement strategies.

Keywords: transformational leadership, psychological empowerment, work engagement, task performance, banking sector.

INTRODUCTION

Human resources play a fundamental role in determining organizational success, particularly in service organizations where employees directly influence service quality, customer satisfaction, and organizational performance. Unlike manufacturing organizations that rely heavily on technology and machinery, banking institutions depend primarily on employees' competence, motivation, and commitment to deliver high-quality services. Consequently, organizations must continuously develop strategies to improve employee performance in order to maintain competitiveness and organizational sustainability.

Task performance represents one of the most important dimensions of employee performance because it reflects employees' ability to complete core job responsibilities effectively and efficiently. In the banking industry, task performance is closely associated with administrative accuracy, compliance with operational procedures, service excellence, and the achievement of organizational targets. Employees with high task performance contribute directly to organizational effectiveness, whereas poor task performance may reduce service quality and operational efficiency. Therefore, understanding the factors influencing task performance has become an important issue in human resource management research.

Previous studies have identified transformational leadership and psychological empowerment as important antecedents of employee performance. Transformational leadership enables leaders to inspire employees through vision, motivation, intellectual stimulation, and individualized consideration. Meanwhile, psychological empowerment strengthens employees' intrinsic motivation by enhancing their perceptions of meaning, competence, autonomy, and impact in their work. According to the Job Demands–Resources (JD-R) Theory, both transformational leadership and psychological empowerment function as valuable resources that can increase employees' motivation and engagement, leading to better performance outcomes.

Another important factor influencing employee performance is work engagement. Work engagement refers to a positive psychological state characterized by vigor, dedication, and absorption while performing work. Employees with high work engagement generally demonstrate greater enthusiasm, persistence, and concentration in completing their responsibilities. Previous research has consistently shown that work engagement contributes positively to employee performance and frequently serves as a mediating mechanism through which organizational resources improve work outcomes. Nevertheless, empirical findings regarding this mediating role remain inconsistent across organizational settings, indicating the need for further investigation.

Within the Indonesian banking industry, employee performance is increasingly challenged by rapid technological development, digital transformation, higher customer expectations, and intense competition among financial institutions. Bank BJB Tegal Branch is no exception. Employees are expected to perform their duties accurately while simultaneously maintaining excellent customer service and achieving demanding organizational targets. Although Bank BJB has received numerous organizational achievements reflecting overall institutional success, these accomplishments do not necessarily indicate that every employee experiences similar levels of leadership support, psychological empowerment, and work engagement. Consequently, differences in these psychological and organizational factors may lead to variations in employees' task performance.

Furthermore, previous studies have primarily examined transformational leadership and psychological empowerment separately when explaining employee performance. Only limited research has simultaneously investigated both variables while incorporating work engagement as a mediating mechanism, particularly within Indonesia's banking sector. This gap suggests that additional empirical evidence is needed to better understand how leadership and psychological empowerment jointly influence employee task performance through work engagement.

Based on these considerations, this study investigates the effects of transformational leadership and psychological empowerment on task performance, with work engagement acting as a mediating variable among employees at Bank BJB Tegal Branch. The findings are expected to enrich the literature on human resource management by providing empirical evidence from the Indonesian banking sector while offering practical recommendations for improving employee performance through effective empowerment and engagement strategies.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Job Demands - Resources Theory

This study adopts the Job Demands-Resources (JD-R) Theory developed by Demerouti et al. (2001) and further refined by Bakker and Demerouti (2007) as the primary theoretical foundation. The theory explains that employee performance is influenced by the interaction between job demands and job resources. Job demands refer to physical, psychological, social, or organizational aspects of work that require sustained effort, whereas job resources refer to organizational and personal resources that assist employees in achieving work goals, reducing work pressure, and facilitating personal development.

Within the JD-R framework, transformational leadership functions as an organizational resource because leaders provide inspiration, motivation, guidance, and developmental support for

employees. Psychological empowerment, on the other hand, represents a personal resource that strengthens employees' intrinsic motivation through perceptions of meaning, competence, self-determination, and impact. These organizational and personal resources are expected to enhance employees' work engagement, which subsequently contributes to higher task performance. Therefore, JD-R Theory provides an appropriate theoretical explanation for the relationships among transformational leadership, psychological empowerment, work engagement, and task performance in the banking sector.

Transformational Leadership and Task Performance

Transformational leadership refers to leaders' ability to inspire employees by communicating a compelling vision, encouraging innovation, providing individualized consideration, and motivating followers to achieve organizational objectives beyond expected standards. Employees who perceive transformational leadership are more likely to develop stronger organizational commitment and perform their responsibilities effectively.

Previous studies have consistently reported a positive relationship between transformational leadership and employee performance. Huang et al. (2025) found that transformational leadership significantly improves employee job performance, while Vila-Vázquez et al. (2024) reported that transformational leadership enhances task performance through motivational mechanisms. Based on these findings, the following hypothesis is proposed.

H1: Transformational leadership positively affects task performance.

Psychological Empowerment and Task Performance

Psychological empowerment reflects employees' intrinsic motivation based on four dimensions, namely meaning, competence, self-determination, and impact (Spreitzer, 1995). Employees who perceive themselves as empowered generally demonstrate greater confidence, responsibility, and initiative when carrying out their work responsibilities.

In the banking industry, psychologically empowered employees are expected to perform their duties more effectively because they possess stronger confidence and greater ownership of their work. Previous studies conducted by Juyumaya (2022) and Ochoa Pacheco et al. (2023) confirmed that psychological empowerment positively influences employee performance. Therefore, the following hypothesis is proposed.

H2: Psychological empowerment positively affects task performance.

Transformational Leadership and Work Engagement

Work engagement refers to a positive work-related psychological state characterized by vigor, dedication, and absorption (Schaufeli et al., 2002). Transformational leaders encourage employee engagement by providing inspiration, recognition, intellectual stimulation, and continuous support, thereby creating a positive working environment.

Empirical studies conducted by Nawaz et al. (2024) and UI Hassan and Ikramullah (2024) demonstrated that transformational leadership significantly increases employee work engagement. Accordingly, the following hypothesis is formulated.

H3: Transformational leadership positively affects work engagement.

Psychological Empowerment and Work Engagement

Employees who experience psychological empowerment tend to perceive their work as meaningful, believe they are capable of completing their responsibilities, and possess sufficient autonomy to perform their duties. These psychological conditions encourage employees to become more enthusiastic, dedicated, and fully engaged in their work. Monje-Amor et al. (2021) and Huang et al. (2025) demonstrated that psychological empowerment significantly improves work engagement. Therefore, the following hypothesis is proposed.

H4: Psychological empowerment positively affects work engagement.

Work Engagement and Task Performance

Work engagement reflects employees' willingness to invest physical, emotional, and cognitive energy into their work. Highly engaged employees generally demonstrate greater enthusiasm, stronger concentration, and higher persistence in completing assigned responsibilities, leading to improved work outcomes.

Previous studies consistently found that work engagement positively influences employee performance (Juyumaya, 2022; Monje-Amor et al., 2021). Therefore, the following hypothesis is proposed.

H5: Work engagement positively affects task performance.

The Mediating Role of Work Engagement

According to the Job Demands-Resources Theory, organizational and personal resources improve employee performance primarily by enhancing work engagement. Transformational leadership provides organizational support, while psychological empowerment strengthens employees' intrinsic motivation. These resources are expected to increase employees' engagement, which subsequently improves task performance.

Previous empirical studies support this mediating mechanism. Huang et al. (2025) found that work engagement mediates the relationship between transformational leadership and employee performance. Likewise, Juyumaya (2022) reported that work engagement significantly mediates the relationship between psychological empowerment and task performance. Accordingly, the following hypotheses are proposed.

H6: Work engagement mediates the relationship between transformational leadership and task performance.

H7: Work engagement mediates the relationship between psychological empowerment and task performance.

RESEARCH METHODS

This study employed a quantitative research approach using an explanatory survey design to examine the relationships among transformational leadership, psychological empowerment, work engagement, and task performance. The explanatory approach was selected because the study aimed to investigate both the direct and indirect effects among the research variables through hypothesis testing.

The population of this study consisted of 90 active employees of Bank BJB Tegal Branch and its affiliated operational offices. The research location included Purwokerto, Brebes, Tegal, and Pekalongan. The sample size was determined using the Slovin formula with a 5% margin of error, resulting in 74 respondents. Purposive sampling was employed by selecting employees who had worked at Bank BJB for at least three months. A total of 74 valid responses were obtained and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.

Primary data were collected through a self-administered questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Transformational leadership was measured using the seven-item Global Transformational Leadership Scale (GTLS) developed by Carless et al. (2000). Psychological empowerment was measured using twelve items based on Spreitzer (1995). Work engagement was measured using nine items from the Utrecht Work Engagement Scale (UWES-9) developed by Schaufeli et al. (2006), while task performance was measured using seven items from the Task Performance dimension of the Individual Work Performance Questionnaire (IW PQ) developed by Koopmans et al. (2014).

Data analysis was performed using PLS-SEM with SmartPLS 4. The analysis consisted of measurement model evaluation and structural model evaluation. The measurement model was assessed using outer loadings, Average Variance Extracted (AVE), cross loadings, the Fornell-Larcker criterion, Cronbach's Alpha, and Composite Reliability. The structural model was evaluated using R^2 , f^2 , model fit, path coefficients, and specific indirect effects. Hypothesis testing was conducted using bootstrapping, with a hypothesis considered accepted when the t-statistic exceeded 1.96 and the p-value was below 0.05.

RESULTS AND DISCUSSION

Measurement Model Evaluation

The measurement model was evaluated through convergent validity, discriminant validity, and construct reliability. All indicators achieved outer loading values above 0.70, while the AVE values for all constructs exceeded 0.50, indicating satisfactory convergent validity. The Fornell-Larcker criterion and HTMT also confirmed adequate discriminant validity. Furthermore, Cronbach's Alpha and Composite Reliability values for all constructs exceeded 0.70, indicating good internal consistency and reliability. Therefore, the measurement model was considered valid and reliable for further analysis.

Structural Model Evaluation

The structural model showed an R^2 value of 0.322 for Work Engagement, indicating that transformational leadership and psychological empowerment explained 32.2% of its variance. Meanwhile, the R^2 value for Task Performance was 0.546, indicating that transformational leadership, psychological empowerment, and work engagement explained 54.6% of its variance. The model also produced an SRMR value of 0.067 and an NFI value of 0.696.

Table 1. Hypothesis Testing Results

Hypothesis	Relationship	β	t-value	p-value	Decision
H1	TL → WE	0.439	4.778	0.000	Accepted
H2	PE → WE	0.357	3.651	0.000	Accepted
H3	TL → TP	0.314	3.636	0.000	Accepted
H4	PE → TP	0.244	3.147	0.002	Accepted
H5	WE → TP	0.436	4.848	0.000	Accepted
H6	TL → WE → TP	0.191	3.297	0.001	Accepted
H7	PE → WE → TP	0.156	2.820	0.005	Accepted

The hypothesis testing results show that all seven hypotheses were accepted. Transformational leadership and psychological empowerment significantly influence work engagement and task performance, while work engagement significantly influences task performance. In addition, work engagement significantly mediates the relationships of transformational leadership and psychological empowerment with task performance.

Discussion

The findings indicate that transformational leadership has a significant positive effect on both work engagement and task performance. This suggests that leaders who provide direction, motivation, support, and encouragement can strengthen employees' engagement and help them perform their responsibilities more effectively. These findings are consistent with the Job Demands-

Resources (JD-R) Theory, which positions transformational leadership as an organizational resource that can support employee motivation and performance.

Psychological empowerment was also found to have a significant positive effect on work engagement and task performance. Employees who perceive their work as meaningful, feel competent, have autonomy, and believe that their work has an impact are more likely to become engaged and perform their tasks effectively. This finding is consistent with previous studies by Juyumaya (2022), Monje-Amor et al. (2021), and Huang et al. (2025).

Furthermore, work engagement has a significant positive effect on task performance. The result indicates that employees who demonstrate higher levels of energy, dedication, and concentration tend to perform their core responsibilities more effectively. Work engagement also significantly mediates the relationships between transformational leadership and task performance as well as psychological empowerment and task performance. These findings indicate that organizational and personal resources can contribute to better task performance partly by increasing employees' work engagement.

Overall, the findings support the JD-R Theory by demonstrating that transformational leadership and psychological empowerment function as important resources that strengthen employee work engagement and task performance. The results also show that work engagement plays an important role as a motivational mechanism linking these resources with employee performance in the banking sector.

CONCLUSION

This study examined the effects of transformational leadership and psychological empowerment on task performance, with work engagement serving as a mediating variable among employees at Bank BJB Tegal Branch. The findings show that transformational leadership has a significant positive effect on work engagement and task performance, while psychological empowerment also has a significant positive effect on work engagement and task performance. In addition, work engagement significantly improves task performance and mediates the relationships between transformational leadership and task performance as well as psychological empowerment and task performance.

These findings support the Job Demands-Resources (JD-R) Theory, which emphasizes that organizational and personal resources can enhance employee motivation and engagement, ultimately contributing to better performance outcomes. From a practical perspective, Bank BJB can strengthen transformational leadership through effective communication, motivation, employee development, and recognition, while also increasing psychological empowerment by providing autonomy, meaningful work, and opportunities for employees to develop their competencies and contribute to organizational goals.

Despite its contributions, this study has several limitations. The research was conducted only among employees at Bank BJB Tegal Branch and its affiliated operational offices, which may limit the generalizability of the findings. In addition, the study used self-administered questionnaires and a cross-sectional design. Future research is therefore recommended to involve broader research settings, larger samples, and additional variables such as organizational support, organizational culture, job satisfaction, or organizational commitment.

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