

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE MEDIATED BY WORK STRESS STUDY ON EMPLOYEES OF BANK BRI KC MALANG KAWI

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Abstract

In the contemporary landscape of globalization, the heightened competitiveness within the banking industry emerges as a pivotal determinant influencing a firm's attainment of its objectives. To thrive in this fiercely competitive environment, human resources emerge as a paramount factor with the potential to drive all facets of organizational operations. Hence, it becomes imperative for the banking sector to nurture a workforce that demonstrates outstanding performance in the execution of company activities. The primary objective of this research is to examine the impact of transformational leadership and the work environment on employee performance, mediated by the variable of work stress. The study population encompasses all employees of Bank KC Malang Kawi, totaling 116 individuals. The research sample consists of the entire population, encompassing all employees at Bank BRI KC Malang Kawi. Data collection methods employed in this study encompass questionnaires and documentation. The data analysis method involves the use of Partial Least Squares (PLS). The findings of this research demonstrate that both transformational leadership and the work environment exert an influence on employee performance. Additionally, work stress is identified as a partial mediator between transformational leadership and the work environment in relation to employee performance.

Keywords : *Employee Performance, Transformational Leadership, Work Environment, Work Stress*

1. INTRODUCTION

In the contemporary era of globalization, intense competition within the banking industry plays a pivotal role in determining a firm's ability to achieve its objectives. Today, organizations must cultivate a robust set of competitive advantages to effectively compete with their counterparts in the banking sector. Among these vital advantages, the quality of their workforce stands out as a paramount factor. The achievement of organizational goals in the banking sector is contingent on the alignment of human resources with the organization's objectives. Therefore, it is imperative for financial institutions to recruit personnel who consistently demonstrate outstanding performance in carrying out company activities, thus paving the way for the realization of corporate goals. Performance is a highly significant and compelling aspect in the organizational context, as it has been empirically demonstrated to exert a pivotal impact. Organizations maintain high expectations for optimal employee performance, with the anticipation that employees will execute their tasks with unwavering dedication and leverage their inherent potential to attain superior outcomes. The attainment of organizational goals is intricately linked to the quality of performance exhibited by the entire team. This performance concept inherently encompasses mental attitudes and behaviors, with individuals perpetually committed to elevating the current quality of their work beyond past achievements, with the ultimate aim of surpassing their present performance in the future.

The success of employee performance is significantly shaped by leadership, with a leader's effectiveness closely tied to their leadership model, which encompasses their capacity to lead and interactions with peers, subordinates, the organization, and the environment. One leadership model considered suitable for navigating change and fostering proactive employee attitudes is the transformational leadership model. A study conducted substantiated that transformational leadership can enhance employee performance through psychological empowerment and intrinsic

motivation, especially when employees exhibit a high degree of intrinsic motivation. The relationship between transformational leadership and employee performance has been explored in prior research, as evidenced by the study carried out by Mahdinezhad et al. (2017), which identified a correlation between the transformational leadership style and job performance, as assessed through the Pearson product-moment correlation coefficient.

Employee performance is inherently intertwined with the work environment, encompassing both the physical and psychological context in which employees carry out their daily tasks. A conducive work environment fosters a sense of security and empowers employees to perform at their best. An advantageous work environment has the potential to significantly enhance effectiveness and support the holistic development of employees (Schalk & Landeta, 2017). The relationship between the work environment and employee performance has been the focus of investigation in numerous prior studies, as exemplified by the research conducted by Saidi et al. (2019), which underscored a substantial relationship between work environment variables and employee performance. Additionally, Ismail et al. (2019) reported that employee engagement and the work environment have positive effects on employee job performance. Furthermore, it was observed that the work environment positively influences employee engagement. Fostering superior employee performance entails considering an emotional dimension, particularly the psychological stress that employees experience while striving for optimal job results. A study conducted by Sari et al. (2015) demonstrates a statistically significant correlation between Job Stress and the Work Environment in relation to Employee Performance. As suggested by Crawford and Rich (2010), job demands are positively associated with work stress, while job resources are positively linked to employee engagement. Work stress can act as a mediating factor that connects job demands to detrimental job performance.

2. LITERATURE REVIEW

2.1 Employee Performance

Performance, within the context of this research, refers to the achievement of specific job requirements, ultimately reflected in the results or output produced. Referring to Mangkunegara's (2006) definition, employee performance is defined as the work outcomes that encompass both qualitative and quantitative aspects achieved by individual employees when they execute their responsibilities. Based on the theories presented, it can be concluded that performance represents the outcomes obtained by individuals in carrying out their tasks, measured and evaluated in accordance with the standards applicable within their respective organizations. Performance is frequently used as the basis for assessing both employees and organizations, with optimal performance being a key factor in achieving organizational objectives.

2.2 Transformational Leadership

Transformational leadership is a leadership style that integrates elements such as creativity, determination, energy, intuition, and sensitivity to employees while achieving various organizational goals and having a remarkable impact on employees (Prabowo et al., 2018). Atmojo (2012) characterizes transformational leadership as leadership that caters to the personal development needs of followers, stimulates them, and inspires them to exert their best efforts in achieving organizational objectives. Research linking transformational leadership to employee performance, as described by Indrayanto et al. (2014), indicates that transformational leadership significantly influences employee performance, with commitment serving as a mediator in this relationship.

2.3 Work Environment

The work environment factor significantly impacts employee performance, serving as the primary focus of this research. A conducive and comfortable work atmosphere is known to enhance employee performance, while an uncomfortable work environment can lead to a decline in performance. Additionally, the emotional aspect plays a crucial role in achieving optimal employee

performance, particularly in coping with psychological pressure to deliver maximum work outcomes. Findings from a study by Sari et al. (2015) reveal a significant correlation between job stress and employee performance, suggesting that effective workplace management can support improved performance outcomes.

2.4 Work Stress

According to Robbins and Judge (2011), work stress is defined as a dynamic state in which individuals are confronted with opportunities, demands, or resources that are expected by the individual, with outcomes that are perceived as uncertain and important. Work stress is often associated with demands and resources. Demands encompass responsibilities, pressures, obligations, and even uncertainty faced by individuals in the workplace, while resources are factors within an individual's control that are used to address these demands. Work stress has a variety of impacts, including reduced concentration, decreased productivity, increased work errors, a higher incidence of workplace accidents, increased absenteeism, and irritable behavior, as well as heightened conflicts with colleagues and superiors.

3. IMPLEMENTATION METHOD

This research employs a quantitative approach with an explanatory research method. Explanatory research encompasses data collection for the purpose of hypothesis testing. Explanatory research aims to examine predetermined hypotheses, determining whether these hypotheses are accepted or rejected. This study analyzes and elucidates the relationships between transformational leadership, work environment, work stress, and employee performance among Bank BRI KC Malang Kawi employees. This research was conducted on all employees of Bank BRI KC Malang Kawi, encompassing a total of five sub-branches, namely Bank BRI KCP Galunggung, Bank BRI KCP Sukun, Bank BRI KCP Rampal, Bank BRI KCP Sawojajar, and Bank BRI KCP Universitas Brawijaya. The study was conducted among all employees at Bank BRI KC Malang Kawi. The population for this study includes all banking employees at Bank KC Malang Kawi, totaling 116 employees. The sample selection for this research consists of the entire population, which encompasses all employees of Bank BRI KC Malang Kawi. Data collection techniques used in this study include questionnaires and documentation.

This research employs data analysis methodology using Partial Least Square (PLS), which is a variance-based Structural Equation Model (SEM) analysis. PLS allows simultaneous testing of measurement and structural models. The measurement model is used to assess validity and reliability, while the structural model is employed to test causality. The inner model analysis, or structural model analysis, is performed to ensure that the constructed structural model is robust and accurate, revealing relationships between variables in line with theoretical underpinnings and prior research findings. Hypothesis testing is carried out to determine whether each hypothesis proposed in this study is supported or not. Mediation testing is employed to ascertain whether the mediating variables in a study play a mediating role in the constructed model or not.

4. RESULTS AND DISCUSSION

4.1 Inner Model

The inner model analysis examines whether a structural equation is predictive or accurate and assesses model fit by considering the R-square values of individual endogenous variables and their collective integration through Q-square.

4.1.1 R-Square

Based on the findings presented in Table 1, it is evident that the adjusted R-Square value for the Employee Performance variable is 0.854, signifying that 85.9% of the variation in Employee Performance can be accounted for by the independent variables, with the remaining 14.1% being attributed to unexamined variables in this study. Likewise, the adjusted R-Square value for the Work Stress variable stands at 0.663, indicating that 66.3% of the variance in Work Stress is

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explicable by the independent variables, leaving 33.7% unexplained, potentially due to factors not considered within the scope of this research.

Table 1. R-Square Value

Variable	R-Square	R-Square Adjusted
Employee Performance	0,859	0,854
Work Stress	0,670	0,663

Source: Data Processed (2023)

4.1.2 Goodness of Fit (GoF)

The Goodness of Fit (GoF) indicates the level of accuracy of the model constructed based on the research variables as a whole. The Goodness of Fit coefficient ranges from 0 to 1, with values closer to 1 indicating higher model accuracy, while values approaching 0 signify weaker accuracy. From the calculations, it can be concluded that the structural model in this study, in general, exhibits strong or high predictive qualities. This implies that the research model possesses robust capabilities in explaining empirical data.

Table 2. Goodness of Fit (GoF) Evaluation

Variable	R-Square	Communality
Transformational Leadership (X1)		0,856
Work Environment (X2)		0,901
Work Stress (Z)	0,859	0,879
Employee Performance (Y)	0,670	0,853
Average	0.764	0,872

Source: Data Processed (2023)

Based on Table 2, the Goodness of Fit (GoF) calculation is:

$$\begin{aligned}
 \text{GoF} &= \sqrt{(\text{AR2} \times \text{ACom.})} \\
 &= \sqrt{(0,764 \times 0.872)} \\
 &= 0.816
 \end{aligned}$$

4.2 Direct Effect

The results of the path coefficient test in Table 3 are presented in the hypothesis testing diagram for direct effects, as depicted in Figure 1. The results of hypothesis testing in this study reveal significant influences among the variables under investigation. In general, it can be concluded that there is a significant relationship between each variable and the others.

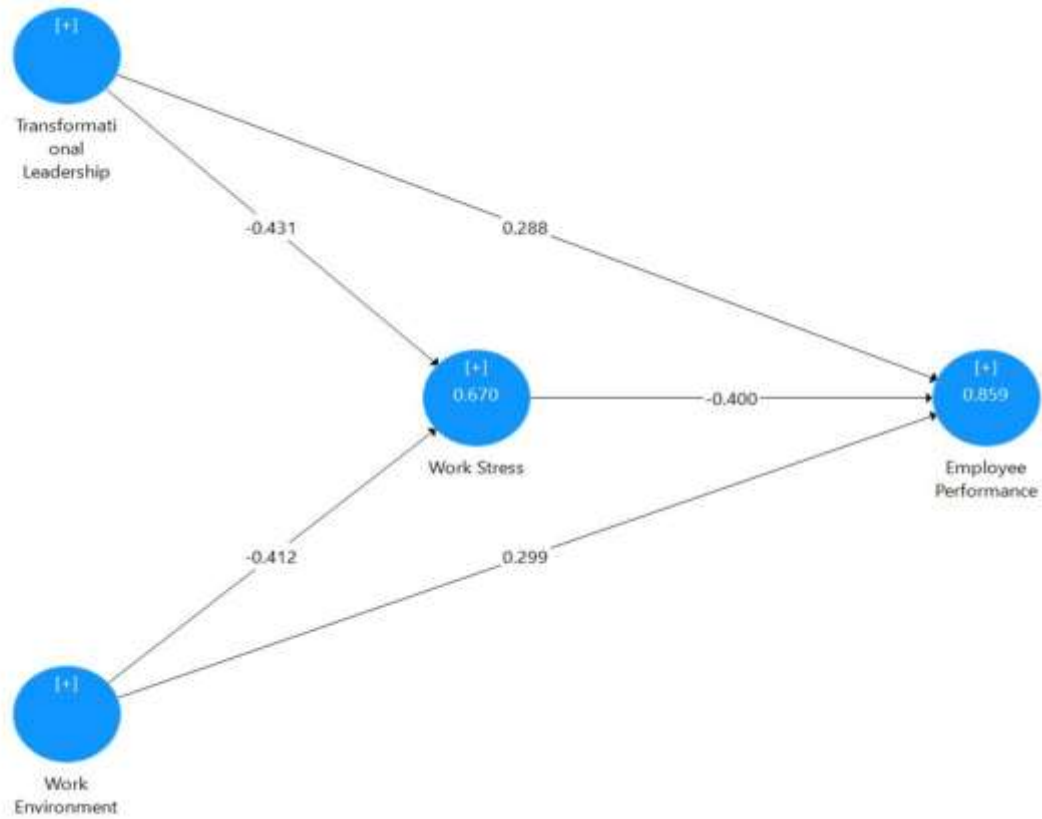


Figure 1. Direct Effect Test Results
Source: Data Processed (2023)

Table 3. Direct Effect Test Results

Variable	Path Coefficient	Sample Mean	Standard Deviation	T Statistics	P Values
Transformational Leadership → Employee Performance	0,288	0,291	0,090	3,212	0,001
Work Environment → Employee Performance	0,299	0,296	0,089	3,366	0,001
Transformational Leadership → Work Stress	-0,431	-0,436	0,141	3,065	0,002
Work Environment → Work Stress	-0,412	-0,410	0,141	2,927	0,004
Work Stress → Employee Performance	-0,400	-0,400	0,088	4,542	0,000

Source: Data Processed (2023)

In this study, the hypothesis analysis results reveal that the influence of the transformational leadership variable (X1) on employee performance (Y) has a positive coefficient of 0.288, a p-value of 0.001, and a t-statistic of 3.212, indicating a significant positive effect. Similarly, the hypothesis regarding the influence of transformational leadership (X1) on work stress (Z) shows a negative coefficient of -0.431, a p-value of 0.002, and a t-statistic of 3.065, signifying a significant negative impact. Consequently, the first and second hypotheses are supported.

Furthermore, the hypothesis analysis related to the work environment variable (X2) demonstrates that its influence on employee performance (Y) yields a positive coefficient of 0.299, a p-value of 0.001, and a t-statistic of 3.366, depicting a significant positive effect. While the impact of work environment (X2) on work stress (Z) reveals a negative coefficient of -0.412, a p-value of 0.004, and a t-statistic of 2.927, indicating a significant negative effect. Finally, the hypothesis analysis results regarding the influence of work stress (Z) on employee performance (Y) show a negative coefficient of -0.400, a p-value of 0.000, and a t-statistic of 4.542, confirming a significant negative effect.

4.3 Testing the Effect of Mediation

Table 4. Mediation Effect Test Results

Variable	Path Coefficient	Sample Mean	Standard Deviation	T Statistics	P Values
Transformational Leadership → Work Stress → Employee Performance	0,172	0,175	0,067	2,557	0,011
Work Environment → Work Stress → Employee Performance	0,165	0,164	0,066	2,482	0,013

Source: Data Processed (2023)

Based on Table 4, the mediation analysis results in this study demonstrate that transformational leadership has an influence on employee performance with work stress as the mediator. The coefficient analysis reveals a value of 0.172, with a p-value of 0.011 < 0.05, and a t-statistic of 2.557 > 1.960. This indicates a significant impact of transformational leadership on employee performance through work stress. Furthermore, the information presented in Table 4 indicates that the influence of work environment on employee performance is also mediated by work stress. The analysis results show a coefficient of 0.165, with a p-value of 0.013 < 0.05, and a t-statistic of 2.482 > 1.960. These results signify a significant effect of work environment on employee performance through work stress.

5. CONCLUSION

Based on the research findings and hypothesis testing related to transformational leadership and work environment, as well as work stress on employee performance at PT Bank Rakyat Indonesia KC Malang Kawi, it was observed that transformational leadership influences employee performance through factors such as leader charisma, inspirational motivation, intellectual stimulation, and idealized influence, which foster enhanced employee performance. Additionally, work environment also exerts a positive impact on employee performance. Furthermore, transformational leadership affects work stress, as employees who follow this leadership style tend to reduce stress levels. Likewise, the work environment affects work stress, and a conducive work environment reduces employee stress levels. Moreover, work stress levels were found to influence employee performance, with lower stress levels correlating with higher employee performance. Lastly, both transformational leadership and work environment were observed to positively influence employee performance through the mediation of work stress, indicating that both transformational leadership and a favorable work environment can enhance employee performance by reducing stress levels through mediation. This study represents a single case study. To enhance our understanding of the banking industry, further research involving additional studies is necessary. The research sample is confined to one subject and future research should consider subjects outside the banking sector. Furthermore, the measurement of employee performance in this study only takes into account variables such as transformational leadership, work environment,

and stress levels. Hence, future research should incorporate additional variables not included in this study to achieve a more comprehensive understanding.

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