

Original Article

Mediating Role of Structural Empowerment: The Influence of Transformational Leadership on Work Engagement

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Abstract: The purpose of this study is to look into how structural empowerment mediates the beneficial relationship between leadership that transforms and job satisfaction in the Indonesian banking sector. The sample amounted to 180 employees who participated in the study. This study uses quantitative methods. The sampling technique used is nonprobability sampling with convenience sampling technique. Data analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach using SmartPLS 4 software. The study findings indicate that transformational leadership has a positive impact on structural empowerment, transformational leadership has a positive impact on job engagement, structure empowerment has an optimistic impact on work engagement, and structural empowerment regulates the positive impact of transformational leadership on work engagement.. These findings imply that transformational leaders encourage employees' work engagement by providing access to opportunities, support, information, and adequate resources.

Keywords: Transformational Leadership, Structural Empowerment, Work Engagement.

I. INTRODUCTION

Research on work engagement has grown because engaged employees are a competitive advantage for organizations. The competitive business world makes organizations increasingly dependent on employees' strengths and skills and requires engaged employees who are individuals with high levels of absorption, dedication, and vigor that are associated with profitable organizational outcomes [1]. Work engagement is a motivating notion that produces personal resources that individuals have to carry out tasks related to work roles, and engaged individuals have invested physical, cognitive, and emotional energy into their work roles [2]. Work engagement is defined by absorption, dedication, and vigor. Vigor is defined as high amounts of energy, strong mental fortitude, and a desire to put time and effort into one's task. Dedication involves the readiness to confront challenges, committed effort, a sense of accomplishment, passion, and motivation. Then, absorption is related to feeling excited, focused, and immersed in the task being done [3].

This study uses job demands-resources theory to explore how two specific job resources, that is transformational leadership and structural empowerment, are associated with work engagement [4]. According to JD-R theory, which attributes employee well-being and performance to working conditions, job characteristics are categorized into job demands and job resources. Additionally, social exchange theory (SET) serves as the theoretical foundation explaining how leadership style and structural empowerment can influence work engagement [5, 6]. Social exchange theory posits that obligations arise through interactions between mutually interdependent parties governed by reciprocal norms where actions with one party elicit responses from another [6]. Transformational leaders who empower employees in the workplace by providing access to adequate work resources will encourage employees to give back through high work engagement.

Transformational leadership, a leadership style receiving significant attention, is known to enhance work commitment, particularly among individuals who perceive work as personally significant [7]. Its popularity stems from its focus on intrinsic motivation and fostering employee development, aligning well with contemporary workgroups in uncertain environments through inspiration and empowerment [8]. In this study, transformational leadership is examined as a predictor of work engagement.

Transformational leadership encourages organizational change and creativity, with leaders effectively communicating a clear vision, inspiring others, and fostering trust among their followers. It encompasses a series of interconnected behaviors: individualized consideration, idealized influence, inspirational motivation, and intellectual stimulation, whereby leaders serve as exemplary role models [9]. Leaders who exhibit transformational qualities, such as setting clear expectations, demonstrating fairness, and acknowledging employees' achievements, significantly enhance work engagement [10].



Leaders play a crucial role in empowering employees within the workplace, which can lead to positive outcomes both at the personal and organizational levels [11]. Transformational leadership can influence empowerment by building team spirit, challenging work, and increasing employees' desire to compete through the authority they have been given [12]. In empowering followers, leaders must assess what subordinates have the capacity to do, improve and extend capabilities, grant proportionate improvements in authority and accountability and equip followers with the necessary skills, knowledge, and resources to make effective decisions [13].

Structural empowerment pertains to the availability of opportunities, support, information, and resources that offer employees a chance in the decision-making process, help control available resources, and grow on the job [14]. Engaged employees exhibit heightened creativity, productivity, and willingness to exert greater effort, highlighting the pivotal role of transformational leadership and structural empowerment in enhancing employee work engagement [15]. Transformational leaders who structurally empower employees in the workplace by providing access to opportunities, information, support, and adequate resources for effective jobs will encourage work engagement.

Based on the Trends in Global Employee Engagement Survey shows that global engagement is a concern for most companies because there are only 24% of employees have a high level of engagement in their work [16]. This research focuses on the banking sector in Indonesia. The financial assistance business is one of the cornerstones of a country's income, and it may contribute to the Indonesian growing economy of 4.4%, especially the banking sector [17].

The banking sector is undergoing rapid digital transformation aimed at optimizing information technology systems, enhancing product line quality, integrating artificial intelligence, and refining banking oversight [18]. Likewise, what happened to the banking sector in Indonesia, the emergence of these demands will make banks continue to make various efforts in order to compete and be the best. One of the efforts needed to meet these demands is for employees who have engaged in their jobs [19]. The scarcity of quality human resources has the potential to result in a high level of labor mobility, so banks need to make efforts to improve quality and maintain superior human resources [20].

Based on the background explanation, the goal of this study is to look into the mediating function of structural empowerment in the beneficial relationship among leadership that transforms and work involvement in the Indonesian banking industry. This research is expected to provide consideration for banks in evaluating and formulating developments related to transformational leadership and structural empowerment that will affect work engagement.

II. LITERATURE REVIEW

A) Transformational Leadership

Based on social exchange theory, a leader who shows genuine concern and concern for employees tends to increase positive relationships between leaders and followers, thereby increasing their sense of ownership of the organization [21]. This theory underlines the importance of the reciprocal exchange of extrinsic benefits and forms of association in relationships between individuals and groups, as well as the social structures formed through this kind of social interaction [22].

Leadership is persuading others to understand and agree on what needs to be done and how to do it, as well as supporting individual and collaborative efforts toward common goals. Transformational leadership elicits feelings of admiration, trust, loyalty, and respect from followers, motivating them to surpass their normal expectations [23]. Transformational leadership is a leader who inspires followers to transcend self-interest and exert a profound influence. They achieve this by embodying high ideals and values to fulfill the organization's vision and mission, thereby building trust and commitment among followers [24].

Transformational leaders create change in followers, encouraging followers to work beyond personal interests and beyond their abilities by aligning their actions with organizational goals and encouraging them to adopt new perspectives [25]. In addition, transformational leaders also provide an understanding of the need to make changes both emotionally and intellectually. Transformational leadership fosters positive feelings in employees so that employees can feel the core value of their work, have authority, have an identity, and get feedback that helps employees develop [26].

Characteristics of transformational leadership: Idealistic impact, motivational speaking, intellectual stimulation, and personalized consideration. Idealized influence refers to leaders who serve as exemplary role models for their followers, demonstrating a clear vision and mission, earning trust, and garnering respect from their followers. Inspirational motivation is a leader who is able to communicate high expectations to followers, motivating followers to commit and become part of a shared vision in the organization. Intellectual stimulation is an encouragement for followers to see from different perspectives to be more creative and innovative, and challenge the beliefs and values of themselves, leaders, and organizations.

Individualized consideration is where leaders provide a climate or supportive environment to grow and develop by looking at the needs of their followers individually [27].

B) Structural Empowerment

Job demands-resources theory explains that working conditions have a significant influence on employee well-being and performance. Job characteristics are classified into two types: job demands, which include physical, psychological, social, or organizational components of work that necessitate ongoing mental or physical effort. Job resources are components of work that minimize job demands, help achieve company objectives, and encourage individual development and growth [4].

Empowerment is the process of delegating responsibility and authority to employees down to the lowest level in the organization in order to make competent decisions [28]. In organizational contexts, empowerment is understood through two significant perspectives that are structural and emotional empowerment. Structural empowerment includes societal frameworks, procedures, and resources within organizations. Such as equipment, infrastructure, information, knowledge, and positive relationships with colleagues [29]. In empowering employees, leaders must determine what their employees are capable of doing, provide commensurate increases in authority and accountability, improve and expand capabilities, and equip employees with the knowledge, skills, and resources needed to make good decisions [13].

Structural empowerment is the existence of adequate freedom for employees to access the resources and structure of the work unit; the organization encourages freedom to express opinions or ideas that can increase creativity, as well as the freedom to decide what work needs to be done and how to do it [30]. Structural empowerment is the degree to which employees perceive they have access to support, opportunities, information, and resources needed to realize organizational goals [31].

Opportunity refers to the possibility for employees to grow and develop and the chance to improve their knowledge and skills to better their careers within the organization. Access to information entails possessing the technical expertise and understanding of organizational policies necessary to perform effectively in the workplace. Support involves receiving constructive feedback and guidance from peers, colleagues, and supervisors. Resources encompass access to necessary materials, equipment, time, and financial resources essential for achieving organizational objectives.

Power is defined as the capability to mobilize information, support, and resources to accomplish tasks within an organization [29]. Sources of organizational power consist of formal and informal power that can be used to give employees access to empowering organizational structures. Job attributes like adaptability, inventiveness in decision-making, visibility, and alignment with organizational objectives are the source of formal authority. Social connections, the creation of channels of communication, and knowledge networks with donors, coworkers, subordinates, and cross-functional teams are the sources of informal power [31].

C) Work Engagement

Engagement involves employees utilizing their entire selves in their roles within the organization. It encompasses the conditions under which employees emotionally, physically, and cognitively invest and express themselves during the execution of their roles [32]. Work engagement is the full exertion of individuals on a role in their responsibilities as employees, and this can be observed when employees are physically engaged at work, focused, cognitively sharp, and emotionally related to work and other people involved in the work [2]. Work engagement refers to a positive psychological state associated with well-being and job satisfaction, characterized by a deep passion for one's work and a strong identification with the tasks and responsibilities involved. Employees with high engagement will feel engaged with the company, have high energy levels, and be enthusiastic about their work [19].

Work engagement can be influenced by several factors, such as employees' belief that the work done is meaningful, the type of work and access to adequate resources in order to do a good job, and individual principles that are in line with the organization because otherwise, it will be difficult to foster engagement or at least the willingness to work well for the organization [30]. When employees acquire adequate job resources, their level of engagement tends to increase over time. Engaged employees are typically more motivated and demonstrate higher energy levels, effectively utilizing the job resources available [33]. Employees with high work engagement will have better performance because employees try harder, are attentive to their work, and are emotionally connected to work, colleagues and clients as a contribution to the organization [34]. Engaged employees influence their coworkers and teams to deliver better performance by communicating optimism, positive attitudes, and proactive behaviors to coworkers and creating a positive climate despite the demands and resources at hand [15].

Work engagement is defined as a positive and fulfilling state of mind related to work, characterized by three dimensions: vigor, absorption, and dedication. Vigor is described by high levels of energy, mental resilience, dedicating time

and effort to work tasks, and persisting in the face of challenges or obstacles. Absorption refers to the employee's interest in the work, employees work with a sense of pleasure and give full concentration so that they feel that time flies, are immersed in work, and have difficulty breaking away from the work done. Dedication involves a strong emotional attachment to one's job, feeling a sense of enthusiasm, pride, significance, and inspiration, and viewing work as a stimulating challenge [3].

D) Hypothesis Development

a. Transformational Leadership and Structural Empowerment

There have been many studies that discuss transformational leadership, but few have examined transformational leadership as a predictor of empowerment. Previous research has highlighted the crucial role of leadership in establishing empowered organizational structures. The significance of transformational leadership styles in fostering conditions conducive to empowerment in the workplace is underscored by their substantial impact on structural empowerment [5].

States that transformational leadership has a positive influence on structural empowerment [35]. Leaders have an important role in empowering employees in the workplace, ensuring that employees feel empowered, and are responsible for creating common goals. Transformational leaders develop a supportive organizational structure that makes employees more empowered and have a positive attitude that leads to organizational goals. Transformational leadership can make employees feel inspired and empowered by emphasizing intrinsic motivation and employee improvement [8].

H1: Transformational leadership has a positive influence on structural empowerment.

b. Transformational Leadership and Work Engagement

Leadership characteristics can increase job resources such as the scope of skill utilization, how and when to carry out tasks, performance feedback, and social support so that these resources positively influence employee work engagement [36]. Transformational leadership that inspires employees makes them more engaged in their work which can result in better task performance and helping behavior [37]. Research suggests that transformational leadership positively affects work engagement [5, 37]. Transformational leadership fosters work engagement by supporting, motivating, and effectively managing employees, which enhances their sense of involvement, satisfaction, and challenge at work [36]. Clear expectations, fairness, and effective recognition of employee performance by leaders also contribute positively to employee work engagement [10].

H2: Transformational leadership has a positive influence on work engagement.

c. Structural Empowerment and Work Engagement

High job resources such as job control, feedback, and task variety have been found to correlate with increased work engagement [38] positively. Employees will be more satisfied with their jobs and proud of their company when leaders and organizations consistently meet employees' basic needs [39]. Research shows that work involvement is positively impacted by institutional autonomy [5, 40]. Employees who obtain the necessary job resources will become engaged, so they are more motivated and possess abundant energy in making better use of job resources [33].

H3: Structural empowerment has a positive influence on work engagement.

d. The Mediating Role of Structural Empowerment

Employees feel encouraged to provide reciprocity through high levels of engagement when the organization can provide a work environment with adequate job resources, support, information, or feedback [5]. When a leader and employee relationship is formed, certain reciprocity will follow, such as psychological meaning, security, and willingness when the leader provides supportive leadership or personal recognition [21]. According to research, there is a favorable correlation between transformational leadership and work engagement [5], with structural empowerment acting as an incomplete mediator. Work engagement is promoted by transformational leaders who provide sufficient knowledge, opportunities, support, and resources to their people.

H4: Structural empowerment mediates the positive influence of transformational leadership on work engagement.

This research is a replication which aims to examine the influence of transformational leadership on work engagement through the mediating role of structural empowerment [5]. Transformational leaders who can empower employees structurally in the workplace by providing access to information, opportunities, support and adequate resources to do a job will encourage employees to give back through high work engagement. Problems related to employee work engagement mean that transformational leaders need to increase work engagement through structural empowerment to retain employees. Engaged employees will tend to use all their cognitive, physical, and emotional energy to solve problems and complete assigned tasks successfully. Based on the theoretical concepts and previous research that has been presented, the conceptual framework is presented in Figure 1.

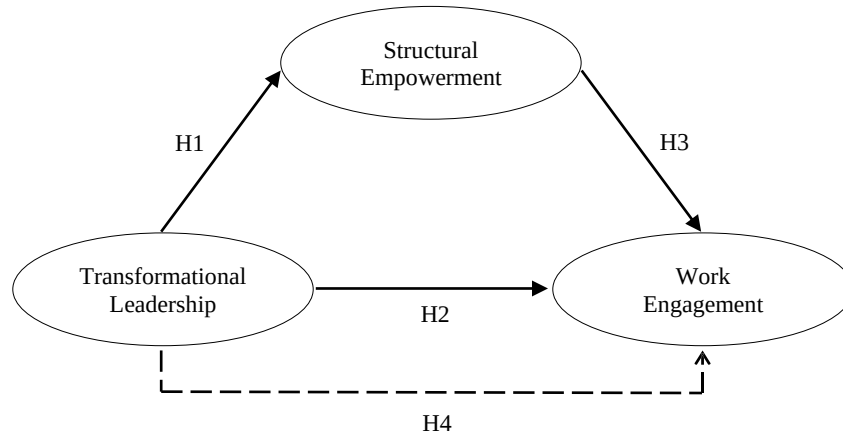


Figure 1: Conceptual Framework

III. RESEARCH METHODS

In order to investigate associations between variables that are subsequently measured with instruments so that the data can be evaluated using statistical techniques, this study uses quantitative research methodology. The population under investigation comprises employees from 47 banks listed on the Indonesia Stock Exchange (IDX). The sample size should ideally be at least five to ten times the number of indicators [41]. In this study, the sample consisted of 180 voluntary participants. The sampling technique for this research uses nonprobability sampling with convenience sampling type. This research uses an online questionnaire in the form of a Google Form, which will be distributed to respondents.

The Likert scale is a summed rating scale consisting of statements designed to assess how strongly respondents agree or disagree with statements regarding the research object. This research uses 29 indicators, which are measured on a five-point Likert scale, where 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree). The research data in this study was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).

IV. RESULTS AND DISCUSSION

A) Measurement Model (Outer Model)

The measurement model can show how each indicator relates to its latent variable. If the measurement characteristics of the variables in the measurement model analysis are accepted, then proceed with structural model analysis. The measurement model represents how measured variables can represent constructs or variables, which is done by assessing the validity and reliability of the model [41].

Table 1: Results of Discriminant Validity

Variable	SE	TL	WE
Structural Empowerment	0.802		
Transformational Leadership	0.766	0.832	
Work Engagement	0.735	0.762	0.806

To determine a variable that is categorized as valid discriminant, it must meet the criteria, namely, each variable's square roots AVE value needs to exceed its correlation level to the remaining variables. Table 1 shows that the square root of the AVE of each variable is greater than the correlation value with other variables, so all indicators are declared valid.

In Table 2, the results of the outer loading test for the 29 indicators or questionnaire items are presented. Convergent validity can be assessed by looking at the outer loading and Average Variance Extracted (AVE) on all items related to a particular construct. Measuring outer loading to determine the influence of a factor on a variable by looking at the outer loading value of indicators that are considered significant must be greater than 0.70. The research results show that each variable indicator is considered valid because it has an outer loading value > 0.70. The AVE test results show that the three variables in this study have an AVE value > 0.50, so all indicators for each variable can be said to be valid.

Table 2: Results of Convergent Validity

Variable	Indicator	Outer Loading	AVE
Structural Empowerment (SE)	SE1	0.875	0.643
	SE10	0.836	
	SE11	0.875	
	SE12	0.875	
	SE2	0.722	
	SE3	0.763	
	SE4	0.752	
	SE5	0.769	
	SE6	0.779	
	SE7	0.813	
	SE8	0.717	
	SE9	0.825	
Transformational Leadership (TL)	TL1	0.892	0.692
	TL2	0.810	
	TL3	0.822	
	TL4	0.862	
	TL5	0.850	
	TL6	0.774	
	TL7	0.802	
	TL8	0.835	
Work Engagement (WE)	WE1	0.834	0.649
	WE2	0.867	
	WE3	0.754	
	WE4	0.838	
	WE5	0.775	
	WE6	0.785	
	WE7	0.815	
	WE8	0.755	
	WE9	0.821	

Table 3: Results of Reliability

Variable	Cronbach's Alpha	Composite Reliability
Structural Empowerment	0.949	0.956
Transformational Leadership	0.936	0.947
Work Engagement	0.932	0.943

The reliability of an instrument can show the consistency of a measuring instrument, which in this study was evaluated using Cronbach's alpha and composite reliability. It is said to be reliable or meets the test requirements if the value is above 0.70. Table 3 shows that the Cronbach's alpha and composite reliability values for each variable are above (>0.70) so it can be concluded that the indicators are reliable and the research instruments have good consistency.

B) Structural Model (Inner Model)

Structural models, or what are called inner models, aim to predict relationships between variables. Structural models can reveal dependent relationships between independent and dependent variables or constructs, even when the dependent variable is an independent variable in another relationship [41]. Structural model analysis can be assessed based on multicollinearity tests, coefficient of determination (R^2), and goodness of fit model.

Table 4: Results of the Multicollinearity Test

Variable Relationships	VIF
Structural Empowerment -> Work Engagement	2.416
Transformational Leadership -> Structural Empowerment	1.000
Transformational Leadership -> Work Engagement	2.416

The collinearity test is carried out to determine whether there is a high correlation between two or more formative indicators by looking at the Variance Inflation Factor (VIF) value. The hypothesized variable is free from indications of collinearity if it has a VIF value < 5. Based on Table 4, it can be seen that the hypothesized variable in this study is free from

indications of collinearity because it has a VIF value < 5.

Table 5: Results of the Coefficient of Determination (R²)

Variable	R-square	R-square adjusted
Structural Empowerment	0.586	0.584
Work Engagement	0.636	0.632

The model can explain the degree to which changes in the dependent variable are predicted by the coefficient of determination (R²). The better the independent variable is at explaining the dependent variable—and thus, the more accurate the structural equation—the higher the R² number. Table 5 shows that the structural empowerment variable has an R-square value of 0.586, which means that structural empowerment is explained by 58.6% by transformational leadership, while other variables outside this study explain the rest. Meanwhile, the work engagement variable has an R-square value of 0.636, meaning that work engagement is explained 63.6% by the transformational leadership and structural empowerment variables. Other variables outside this study explain the rest.

The Goodness of Fit is a value that describes the overall level of suitability of the model, both in the measurement model and the structural model, which is carried out by looking at the average value of AVE and R-square. Based on the calculations, the GoF value is obtained at 0.636, where the GoF value is included in the large category so that the model can be said to be fit, meaning that the model as a whole has a high level of suitability.

C) Hypothesis Testing

Hypothesis testing can be done by looking at the t-statistics or p-values found in path analysis between variables through bootstrapping to see the significance and relevance of variable relationships [41]. In this research, there are mediating variables that play a role in each situation as a function of the independent variable, explaining the concept and influence of the impact variable on the dependent variable. Mediation testing is carried out to see the magnitude of the indirect effect value between variables. Hypothesis testing criteria use a significance level of 5%. If the t-statistics value is > 1.96 and the p-value is < 0.05, then the hypothesis is accepted, which means there is a significant influence between the variables. The test results are displayed in Table 6, which shows that both direct and indirect effects support all of the research hypotheses.

Table 6: Hypothesis Results

Hypothesis	Original Sample	T Statistics	P Values	Description
TL -> SE	0.766	25.858	0.000	H1 Accepted
TL -> WE	0.482	6.755	0.000	H2 Accepted
SE -> WE	0.366	4.592	0.000	H3 Accepted
TL -> SE -> WE	0.280	4.487	0.000	H4 Accepted

Table 6 shows the path coefficient results of the influence of transformational leadership on structural empowerment. The original sample value was 0.766, which reflects a positive influence; the p-value was 0.000 < 0.05, and the t-statistic value was 25.858 > 1.96. This shows that hypothesis 1 is accepted, meaning that transformational leadership has a positive effect on structural empowerment, so the presence of leaders with a transformational leadership style will have an effect on increasing structural empowerment practices in the company. These results are supported by research which shows that transformational leadership has a positive effect on structural empowerment, where the importance of transformational leadership style in creating empowerment in the workplace is demonstrated by employee access to information, opportunities, support and resources increasing due to the presence of a transformational leader [5, 36].

The path coefficient value that connects transformational leadership variables and work engagement shows an original sample value of 0.482, which reflects a positive influence, a p-value of 0.000 < 0.05, and a t-statistic value of 6.755 > 1.96. This shows that hypothesis 2 is accepted, meaning that transformational leadership has a positive effect on work engagement, so the higher a leader's transformational leadership, the higher the work engagement. Then, the findings are corroborated by research indicating that transformational leadership positively influences employee work engagement [5, 37]. Further support this perspective, suggesting that transformational leadership can cultivate high levels of work engagement [35].

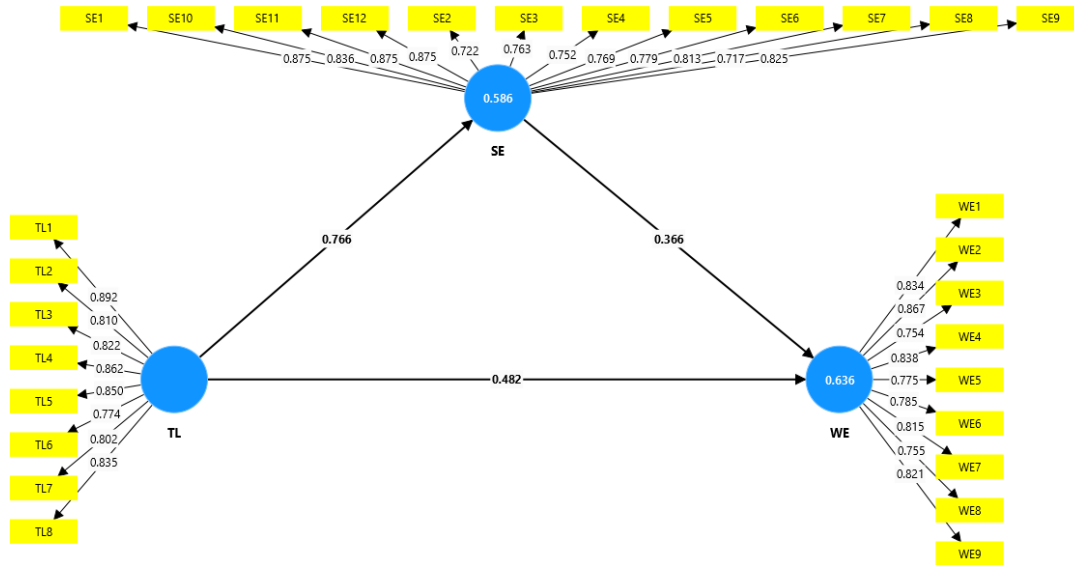


Figure 2: Bootstrapping Results

Then, the path coefficient results of the influence of structural empowerment on work engagement show an original sample value of 0.366, reflecting a positive influence, a p-value of $0.000 < 0.05$, and a t-statistic value of $4.592 > 1.96$. This shows that hypothesis 3 is accepted, meaning that structural empowerment has a positive effect on work engagement. These results are supported by research; high structural empowerment is indicated by adequate access for employees to support, information, opportunities, and company resources. This situation encourages employees encouraged to give back through high work engagement [5, 40].

The initial sample value of the trajectory coefficient value, which indicates a positive influence, was 0.280, indicating transformational leadership factors and work engagement mediated by structural empowerment. The t-statistic value was $4.487 > 1.96$, and the p-value was $0.000 < 0.05$. This demonstrates that hypothesis 4, which holds that organizational empowerment mediates the beneficial impact of transformational management on employee engagement at work, is accepted. This finding is backed by research, indicating that structural empowerment plays a role as a partial mediator in the positive correlation between transformational leadership and work engagement [5]. Transformational leaders empower employees structurally in the workplace by providing access to opportunities, information, support and adequate resources to do their work, which will make employees have high work engagement.

V. CONCLUSION

This study aimed to explore how structural empowerment serves as a mechanism underlying the positive influence between transformational leadership and work engagement among banking sector employees in Indonesia. The results indicated several key findings: transformational leadership positively influences both structural empowerment and work engagement. Furthermore, structural empowerment moderates the connection between transformational leadership and work engagement and has a beneficial impact on it. The findings illustrate that structural empowerment is a potential mechanism underlying employee work engagement and emphasize the importance of transformational leadership in creating empowering working conditions resulting in high levels of work engagement.

The theoretical and practical implications of this study serve as considerations for future research. Theoretically speaking, this study expands upon and supports earlier research that highlights the significance of structural empowerment as a possible mechanism behind transformational leadership and employee engagement at work. For banks, this research can provide consideration in evaluating and formulating developments related to transformational leadership and structural empowerment in banking so that it will influence work engagement. Future research could explore how these constructs interact across various sectors, contributing to a deeper understanding of the interconnected relationships between empowerment, work engagement, and their influencing factors. This would expand the current network of knowledge and insights in this area.

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