

Research Articles

# The Effect of of Transformational Leadership on Employee Engagement Through Career Development on Employees of PT PLN (Persero) Unit Induk Distribusi Sumatera Barat

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**Abstract:** This study focuses on the influence of transformational leadership on employee engagement through career development in employees of PT PLN (Persero) West Sumatra Distribution Unit, a company that plays an important role in providing electricity in Indonesia. Although the company has made efforts to improve employee engagement, the pre-survey results show that the level of employee engagement is still low, which is the main problem in this study. The purpose of the study is to analyze the relationship between transformational leadership, career development, and employee engagement. The method used was a quantitative approach with a causal research design, involving a 76 employees as responden. Data were collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with a Partial Least Square (PLS) approach. The research findings show that transformational leadership has a positive and significant influence on employee engagement and career development, and career development contributes positively to employee engagement. In addition, career development serves as a significant mediating variable in the relationship between transformational leadership and employee engagement. The conclusion of this study emphasizes the importance of implementing transformational leadership and effective career development programs to increase employee engagement, which in turn can increase productivity..

**Keywords:** Transformational Leadership, Employee Engagement, Career Development

## 1. Introduction

In an increasingly competitive and dynamic business era, companies are required to be able to adapt quickly to environmental changes and market needs. One of the key factors that determine the success of the company is the quality of human resources (HR). Therefore, companies need to manage and develop HR potential optimally in order to compete and achieve their goals. Employees who have high morale and good performance are needed to support the sustainability and success of the organization.

One of the important efforts in improving the quality of human resources is to build strong employee engagement. A high level of attachment between employees and the company can provide various benefits, such as increased productivity, retention of high-performing employees, and achievement of company targets (Chen et al., 2022). Engaged employees tend to be more motivated, efficient in completing tasks, and produce quality output. According to Gallup (2021), companies with high levels of employee engagement can achieve up to 17% higher productivity compared to companies with low levels of engagement.

Conversely, low employee engagement can have various negative impacts, such as low motivation, decreased productivity, lack of innovation, and high employee turnover (Firdaus et al., 2021). Employees who are not emotionally and professionally engaged tend to work minimally and show no initiative, which impacts work efficiency and quality.

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One approach that has proven effective in increasing employee engagement is transformational leadership. This leadership style emphasizes inspiration, motivation, and individual development, and is able to create a strong emotional connection between leaders and employees (Mishra et al., 2021). Transformational leaders not only provide a clear vision and emotional support, but also create a conducive work environment, encourage employee participation in decision making, and empower them to grow and develop (Bora, 2024; Nurtjahjani et al., 2022).

In addition to leadership style, career development is also an important factor that contributes to the level of employee engagement. A good career development program provides opportunities for employees to learn, grow, and achieve their professional goals. This not only increases competence, but also creates a sense of value and purpose at work (Mishra et al., 2023; Muchibi et al., 2022). Previous research shows that there is a positive relationship between career development and employee engagement (Paijan & Rumaharbo, 2020).

These findings are particularly relevant for PT PLN (Persero) UID Sumatera Barat, which has a strategic role in providing electricity services in the region. As a public service provider, PLN requires competent and emotionally and professionally engaged employees to ensure optimal, innovative and efficient services. However, the reality on the ground shows that there are challenges in terms of employee engagement.

Based on a pre-survey conducted on 10 employees of PT PLN UID West Sumatra in August 2024, it was found that most employees showed a low level of engagement. For example, only 30% of employees feel enthusiastic when working overtime, and only 40-50% expressed enthusiasm in work or in conveying ideas. These results indicate a gap between management's efforts to build engagement and employees' perceptions of the work environment.

This condition also reflects that the existing leadership has not fully implemented transformational principles effectively. Similarly, career development has not been optimally perceived by employees, resulting in low motivation and a sense of belonging to the company. This has the potential to increase turnover rates and hinder the achievement of company goals. Based on these problems, a more strategic and integrated approach is needed in building employee engagement, especially through transformational leadership and career development.

## **2. Literatur Review**

### **Job Demands-Resources (JD-R) Theory**

The Job Demands-Resources (JD-R) theory developed by Demerouti et al. (2001) provides a strong theoretical foundation for this study. This theory divides the work environment into two main components: job demands and job resources. Job demands are aspects that require more effort from employees, while job resources are elements that can help employees achieve goals and reduce the negative impact of job demands. In the context of this study, transformational leadership can be viewed as an important resource because transformational leaders tend to create a work environment that supports, inspires and provides constructive challenges for employees.

### **Transformational Leadership**

Transformational leadership is a leadership style that focuses on developing and motivating employees to achieve common goals. According to Bass (2006), transformational leaders inspire followers with a clear vision and high values, and provide emotional support and attention to individual needs. This leadership style is recognized as improving employee morale, motivation, and performance (Rafia et al., 2020).

Transformational leaders not only act as directors, but also as mentors who encourage employees to think creatively and innovate. They create a supportive work environment, where employees feel safe to put forward new ideas and participate in decision-making. Research by Mishra et al. (2021) shows that transformational leadership contributes positively to employee engagement, creating a strong emotional connection between leaders and employees. Thus, transformational leadership can be a key factor in increasing employee engagement and encouraging them to contribute more actively in achieving company goals.

## **Employee Engagement**

Employee engagement is the level of emotional, cognitive, and behavioral involvement of employees towards work and the company. According to Milhem et al. (2019), employee engagement is characterized by enthusiasm, motivation, and a strong emotional connection between employees and the company. Engaged employees not only perform their duties, but also actively contribute to achieving company goals (Nelson, 2022).

Employee engagement has a significant impact on productivity and innovation. Research by Hakanen et al. (2008) shows that employee engagement contributes to improving the overall performance of the company, where engaged employees tend to be more loyal and have a higher commitment to the company. Employees who feel engaged in their work tend to show initiative, creativity, and a desire to learn, all of which contribute to the success of the organization. Therefore, it is important for companies to create an environment that supports employee engagement in order to achieve optimal results.

## **Relationship Between Variables**

Based on JD-R theory, transformational leadership can increase employee engagement by providing resources that support career development. Career development serves as a mediator that strengthens the relationship between transformational leadership and employee engagement. This study aims to fill the gap in the literature by exploring how career development serves as a mediator in the relationship between transformational leadership and employee engagement at PT PLN (Persero) UID Sumatera Barat.

## **3. Method**

### **Research Design**

This research uses a quantitative approach to collect and analyze numerical data related to the research variables. This approach was chosen because it allows researchers to measure the relationship between variables objectively and systematically through statistical analysis. In terms of design, this study uses a causal design to determine the cause-and-effect relationship between the independent variable, namely transformational leadership, the dependent variable in the form of employee engagement, and the mediating variable, namely career development. This study aims to examine how much influence transformational leadership has on employee engagement, both directly and through career development as a mediating variable.

### **Population and Sample**

The population in this study were all employees of PT PLN (Persero) West Sumatra Distribution Unit (UID) totaling 134 people, covering various positions from the general manager level to staff officers. The sampling technique used is the census method, in which all members of the population who are below the managerial level, totaling 92 people, are targeted as respondents. However, of these, only 76 employees returned complete and valid questionnaires, so this number was used as the actual sample in the analysis. The selection of the census method aims to obtain a comprehensive and representative picture of the real conditions in the field.

### **Data Collection Techniques**

Data collection techniques were carried out through distributing questionnaires containing structured statements to measure transformational leadership, career development, and employee engagement variables. The questionnaire uses a Likert scale and is distributed online via Google Forms to make it easier for respondents to fill in. The data obtained is primary data because it is collected directly from respondents through instruments prepared by researchers.

### **Data Analysis Techniques**

In terms of data analysis techniques, this research uses two approaches, namely descriptive analysis and inferential analysis. Descriptive analysis is used to describe the characteristics of respondents and the distribution of data from each variable through statistics such as frequency, percentage, and average value. Meanwhile, to test the hypothesis, the Structural Equation Modeling (SEM) method with the Partial Least Square (PLS) approach was used. The SEM-PLS technique allows researchers to analyze direct and indirect relationships between variables, as well as test the mediation effect simultaneously.

Then, validity and reliability tests were carried out on the research instruments. The validity test includes convergent validity, which is measured through the loading factor value, as well as discriminant validity, which is analyzed through cross loading and Fornell-Larcker criteria. Meanwhile, the reliability test was conducted by measuring Cronbach's Alpha and Composite Reliability. The instrument is considered reliable if both values are above 0.7, which indicates the internal consistency of each construct in the questionnaire.

#### 4. Results and Discussion

##### Result

##### Outer Model

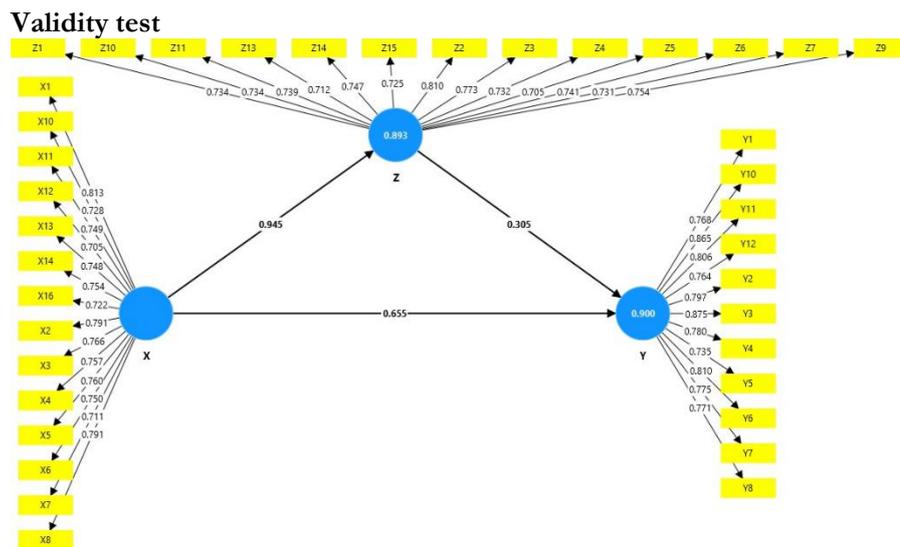


Figure 1 Outer Model

Source: SmartPLS 4, Year 2025

The following figure illustrates the results of the convergent validity test through the outer loading value of each indicator in the measurement model. The loading factor estimation results are obtained through the correlation between the instrument and the construct or variable it measures. An indicator is declared valid if it has a correlation value of more than 0.7 (Hamid & Anwar, 2019). In addition to the Loading Factor value, to analyze the validity of research data, the Average Variance Extracted (AVE) value can be used. The following are the results of the validity test using the AVE value.

Table 1 Average Variance Extracted (AVE)

	Average variance extracted (AVE)
Employee Engagement (Y)	0,634
Transformational Leadership (X)	0,568
Career Development (Z)	0,550

Source: SmartPLS 4, Year 2025

One alternative method for assessing discriminant validity is to compare the Average Variance Extracted (AVE) value of each construct with the correlation value between constructs in the model. A construct is said to meet the validity criteria if its AVE value is  $\geq 0.5$ . This result implies that more than half of the variance in the indicator is explained by the underlying construct, which meets an important requirement for construct validity in structural equation modeling.

In validity testing, in addition to Convergent Validity, another aspect assessed is Discriminant Validity, which is measured using the Fornell-Larcker method.

**Table 2 Fornell-Larcker Criterion**

	<b>Transformational Leadership (X)</b>	<b>Employee Engagement (Y)</b>	<b>Career Development (Z)</b>
<b>Transformational Leadership (X)</b>	0,754		
<b>Employee Engagement (Y)</b>	0,944	0,796	
<b>Career Development (Z)</b>	0,945	0,924	0,742

*Source: SmartPLS 4, Year 2025*

This table evaluates the discriminant validity of the model using the Fornell-Larcker criterion. Discriminant validity can be evaluated using the Fornell-Larcker criterion, which requires that the square root of the AVE value of a construct must be greater than the correlation value of the construct with other constructs.

### Reliability Test

**Table 3 Cronbach's Alpha**

<b>Variable</b>	<b>Cronbach's alpha</b>	<b>Composite reliability (rho_a)</b>	<b>Composite reliability (rho_c)</b>
<b>Employee Engagement (Y)</b>	0,942	0,943	0,950
<b>Transformational Leadership (X)</b>	0,941	0,942	0,948
<b>Career Development (Z)</b>	0,932	0,932	0,941

*Source: SmartPLS 4, Year 2025*

Based on the test results displayed in the table, all constructs have Cronbach's Alpha and Composite Reliability values of  $\geq 0.7$ . This shows that the instruments used in the study have a high level of reliability. Therefore, all constructs in the analyzed model can be said to meet the reliability criteria and deserve to be called reliable.

### Inner Model

Testing the structural model aims to determine the relationship between variables in the study, the level of significance of the relationship, and the coefficient of determination (R-Square) which shows the extent to which a variable affects other variables. Evaluation of the structural model is done by looking at the R-Square value on endogenous constructs, the t-test value, and the significance level of the structural path parameters.

**Table 4 Inner Model**

	<b>R-square</b>	<b>R-square adjusted</b>
<b>Employee Engagement (Y)</b>	0,900	0,897
<b>Career Development (Z)</b>	0,893	0,892

*Source: SmartPLS 4, Year 2025*

Based on the table above, it is known that the R-square value for the Employee Engagement variable is 0.900, with an adjusted R-square value of 0.897. This shows that 90% of the variation in Employee Engagement can be explained by the independent variables used in the model, while the remaining 10% is explained by other variables outside the model. Meanwhile, the R-square value for the Career Development variable is 0.893, with an adjusted R-square value of 0.892. This shows that 89.3% of the variation in Career Development can be explained by the independent variables in the model, and the remaining 10.7% is influenced by other factors outside the model.

### Hypotesist Test

Hypothesis testing is conducted to analyze the direct, indirect, and total effects between latent variables, both individually and interactively. This process uses the bootstrapping method which is run through the SmartPLS 4 program.

**Table 5 Hypotesist Test**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X -> Y	0,655	0,648	0,097	6,762	0,000
X -> Z	0,945	0,927	0,057	16,699	0,000
Z -> Y	0,305	0,304	0,097	3,134	0,002
X->Y-> Z	0,289	0,282	0,092	3,146	0,002

*Source: SmartPLS 4, Year 2025*

This table summarizes the results of hypothesis testing conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). Each hypothesis is evaluated based on the calculated t-statistic and corresponding p-value, which determine the significance of the proposed relationships among variables.

#### Transformational Leadership on Employee Engagement

The results show that the influence of Transformational Leadership on Employee Engagement was indicated by the original sample value (O) of 0.655. This value indicates a fairly strong positive relationship between the two variables. This means that the higher the application of transformational leadership style by the leader, the greater the level of employee involvement in employee work. The t-statistic value obtained was 6.762 ( $> 1.96$ ) for a significance level of 5%, and a p-value of 0.000, ( $< 0.05$ ). These two indicators strengthen the conclusion that the influence found is statistically significant.

#### Transformational Leadership on Career Development

The results show that Transformational Leadership has a very strong influence on Career Development. This can be seen from the original sample value of 0.945. This value shows that almost all variations in employee career development can be explained by the transformational leadership variable. This means that transformational leadership makes a major contribution to employee career development perceptions and opportunities. The t-statistic value of 16.699 and the p-value of 0.000 indicate that this relationship is not only strong but also very statistically significant. These results provide an illustration that leaders who are able to guide, provide clear direction, and create a work environment that supports self-development play a major role in encouraging employee career growth.

#### Career Development on Employee Engagement

The results show an original sample value of 0.305, indicating a positive relationship but with a moderate strength of influence between Career Development and Employee Engagement. This value indicates that although career development has a positive impact on employee engagement, its influence is not as large as the direct influence of transformational leadership. Then the t-statistic value of 3.134 and the p-value of 0.002 indicate that this relationship is statistically significant. This confirms that employees who feel the opportunity for self-development, job promotion, training, and competency improvement tend to be more motivated and involved in their work. This finding strengthens the importance of career development policies as one strategy to increase employee engagement in the long term.

#### Transformational Leadership on Employee Engagement mediated by career development

The results of the mediation hypothesis test can be analyzed as an indirect effect (mediation) between Transformational Leadership (X) on Employee Engagement (Y) through Career Development (Z). The test results show that the original sample value (O) is 0.289, which means that there is a positive indirect effect from X to Y through Z. In other words, Transformational Leadership contributes to increasing Employee Engagement, partly through increasing Career Development. This value is sufficient to indicate a moderate

strength of influence. The t-statistic value of 3.146 and the p-value of 0.002 indicate that this mediation effect is statistically significant, because it meets the criteria for hypothesis testing ( $t \geq 1.96$  and  $p \leq 0.05$ ). Thus, the mediation hypothesis can be accepted. This means that Career Development acts as a significant intermediary variable in bridging the effect of Transformational Leadership on Employee Engagement.

## Discussion

The results of data analysis using the SmartPLS method provide a strong basis for testing hypotheses and deeply understanding the relationship between variables in the study. Transformational leadership has been shown to have a positive and significant influence on employee engagement. The higher the quality of transformational leadership perceived by employees, the higher their level of involvement in work. This is supported by the path coefficient value of 0.655, p-value 0.000. Theoretically, this finding is in line with the Job Demands-Resources (JD-R) Theory, where transformational leadership acts as an important resource that can increase motivation and work engagement. This finding is also consistent with previous research, as stated by Mishra et al., (2023), that transformational leadership plays an important role in shaping positive attitudes and emotional involvement of employees. When leaders are able to inspire and motivate, employees will be more motivated to show their best performance and commit to the company's goals.

Transformational leadership has been shown to have a positive and significant effect on employee career development, with a path coefficient value of 0.945 and a p-value of 0.000. This shows that an inspirational and supportive leadership style can encourage employees to develop professionally. In the perspective of Job Demands-Resources (JD-R) Theory, transformational leaders provide challenges and support that enable employees to design and pursue their career goals. This finding is supported by research by Pembri & Ldama (2024) which shows that transformational leaders tend to strengthen employee beliefs in employee career development through empowerment, coaching, and personal support. Thus, companies that want to increase the effectiveness of career development need to strengthen the role of transformational leadership in it.

Career development is proven to have a positive and significant influence on employee engagement, with a coefficient of 0.305 and a p-value of 0.002. This shows that the higher the company's support for career development, the higher the level of employee engagement in their work. Although its influence is not as great as the direct influence of transformational leadership, career development still makes a significant contribution as a long-term motivational factor. In the perspective of Job Demands-Resources (JD-R) Theory, career development is considered a resource that increases employee motivation and engagement, creating a positive psychological bond between employees and the company. Previous studies, such as those conducted by Muchibi et al. (2022) and Aziedjo (2024), also support this finding, emphasizing the importance of career path transparency and ongoing training in increasing employee morale and loyalty.

The results of the mediation hypothesis test show that career development acts as a significant mediator in the relationship between transformational leadership and employee engagement, with a coefficient of 0.289 and a p-value of 0.002. This indicates that transformational leadership has an indirect impact on employee engagement, by supporting career development. In theory, this finding strengthens the argument that employee engagement is not only influenced by leadership style, but also by the opportunities provided by leaders for employee career development. Paijan & Rumaharbo's (2020) research also supports this finding, emphasizing the importance of integration between transformational leadership and career development programs in increasing employee engagement sustainably.

## 5. Conclusion

Based on the results of this study, it can be concluded that transformational leadership has a positive and significant influence on employee engagement. Leaders who demonstrate inspiring behavior, provide motivation, and pay attention to the needs and development of individual employees can increase employee engagement emotionally, cognitively, and behaviorally towards work, which ultimately strengthens their commitment and work spirit. In addition, transformational leadership also has a positive effect on employee career development, because leaders who provide learning opportunities, support for career

advancement, and create a work environment that supports professional growth are able to encourage employees to continue to develop in their careers. Career development, in turn, has been shown to have a positive effect on employee engagement, by providing employees with opportunities to improve their competencies and clear career prospects, which will increase their motivation and sense of attachment to their work and the company. In addition, this study also shows that career development acts as a significant mediator in the relationship between transformational leadership and employee engagement, which means that the effect of transformational leadership on employee engagement will be stronger if supported by an effective career development program. Therefore, the combination of the implementation of transformational leadership and good career development is an important strategy in increasing employee engagement, which in turn will have a positive impact on productivity, loyalty, and achievement of company goals, especially at PT PLN (Persero) UID Sumatera Barat

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