



Transformational Leadership How its Effect Work-Life Balance and Employee Engagement

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Author's contribution

The sole author designed, analysed, interpreted and prepared the manuscript.

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ABSTRACT

Aims: The previous survey showed that employee engagement in Indonesia is shallow. This study attempts to test the effect of transformational leadership on work-life balance and employee engagement.

Study Design / Methodology: Data was obtained by distributing questionnaires to 107 bank employees in Bandarlampung, Indonesia. The characteristics of respondents show that males (57.9%) are higher than females (42.1%). Data analysis was performed using Smart PLS.

Results: The analysis results support the hypothesis that transformational leadership positively affects work-life balance and employee engagement.

Conclusion: This finding shows that most of the banking leaders in Bandar Lampung apply transformational leadership. Transformational leadership will enhance work-life balance and employee engagement. This research implies that the leader stimulates and inspires his followers to achieve extraordinary results and develop his capacity, the more positive state of mind, satisfaction, and employee engagement with the organization will be. Leaders with a transformational are also able to encourage employee work-life balance.

Keywords: Employee engagement; transformational leadership; work-life balance; banking sector.

1. INTRODUCTION

Employees who have to engage with the organization physically, cognitively, and emotionally will connect with their job. Employees will feel total energy, dedicated to reaching objective-related work, and often drown entirely in work [1]. Highly engaged within an organization will bound employees by emotions within the organization. They try to do their best job with quality, satisfying work [2]. Bonded employees with an organization will increase performance at level individuals and teams and level organizations and business units [3–5]. Employees who feel bound will fully devote themselves to the organization and do their job enthusiastically. They are motivated by intrinsic, proactive, creative, and healthy, and committed to the organization [6].

Surveys conducted by Crabtree in Indonesia showed that only 8% of employees are engaged in the organization, while 77% of employees feel no engagement (employees are not motivated and inclined no give effort in achieving the organization's objective or results). The remaining 15% have no active engagement with the organization (unproductive and unhappy employees in the workplace and cultivate to disperse negative things to work colleagues) [7].

Leadership could influence employee engagement [8]. Employee engagement was not free from how leader applied their leadership style. Some studies show that employees are tied in the workplace are caused of leadership style [9–11]. Transformational leadership supports employees to determine their interests, give feedback, develop standards to increase performance, help followers become more creative and innovative, and pay attention to followers' needs [12]. Transformational leadership motivates employees to exceed expectations through changing attitudes, beliefs, and values [13]. Based on previous studies, transformational leadership influences employee engagement [14].

Besides the impact on employee engagement, transformational leadership also affects work-life balance [15]. More demands on individuals and work would trigger conflict. When some role has span and problematic behavior, it will be difficult to fulfill different parts and will bring up conflict [16]. Work-life balance balances the demands of family, hobbies and society with the demands of work [17]. The ability to fulfill the responsibility

among family, work, and other activities will enhance the work-life balance.

Employees who experience work-life balance will produce better jobs and overall job satisfaction, value organizational commitment, and have less intention to leave. When employees can balance work and personal life, it can lead to various positive consequences for the employee and the organization. Employees who can fulfill their work-life balance and get organizational support will increase their engagement and dedication to work satisfactorily [18].

The Indonesian Ministry of Finance is placing an essential emphasis on transformational leadership [19]. In response to this, it is crucial to research transformational leadership in the banking sector and how it impacts the work-life balance and employee engagement of banking employees.

2. HYPOTHESIS DEVELOPMENT AND RESEARCH METHODS

2.1 Hypothesis Development

2.1.1 The relationship of transformational leadership with work-life balance

Work-life balance is the balance between the role played by an individual [17]. Work-life balance is the satisfaction level or appropriateness among diverse types of human life [20]. Individuals get equal time, satisfaction, and involvement from various work and family demand. Balance is trying to be involved entirely in life's roles and fully attend to every role [21]. Work-life balance has four extents. Work Enhancement of Personal Life (WEPL) is how far work could increase the quality of private life. Skills acquired by an individual in the workplace could be utilized in everyday life. Personal Life Enhancement of Work (PLEW) is how personal life could increase individual performance in the workplace. An individual has a fun personal life that makes the heart atmosphere in the workplace becomes fun. Personal Life Interference with Work (PLIW) is how far an individual's personal life disturbs his/her job. An individual has personal problems that can disturb his/her job. Work Interference with Personal Life (WIPL) is how far a job could disturb individual life. Sometimes work makes somebody trouble managing work and personal life [17].

Employees who can manage work, family, and other activities in a balanced manner are likely to

have an excellent work-life balance. Previous studies found that transformational leadership affects work-life balance in Brazilian architecture and urbanism Knowledge-Intensive Business Services (KIBS) [22], and there is no difference in demographic profile between gender, marital status, and age regarding work-life balance [23]. Transformational leadership promotes Filipino employees' work-life balance during the COVID-19 pandemic [24]. Oladele found a positive relationship between transformational leadership to organizational citizenship behavior (OCB) and work-life balance [25]. Based on previous research, it could conclude the hypothesis as follows:

H1: Transformational leadership has a positive relationship with work-life balance.

2.1.2 The relationship of transformational leadership with employee engagement

Transformational leadership is a leadership style that inspires and stimulates followers to get great results, then develop leadership capacity by themselves [26]. Transformational leaders estimate how they influence their employees. The follower feels trust, loyalty, respect, and admiration for their leader because they want to work more challenging than expected. A transformational leader convinces followers to fight for high potency and higher moral and ethical standards. Transformational leadership contains four dimensions: ideal influence, inspirational motivation, and stimulating intellectual and individual judgment [26].

Leadership could influence employee engagement [8]. Previous studies discussed the influence of transformational leadership on employees engagement. Gemeda & Lee find that transformational leadership influences employee engagement and innovative work behavior [27]. Li et al. found that some leadership styles (servant, empowering, ethical, and charismatic) have a positive relationship with employee engagement. Several dimensions of national culture (including gender, egalitarianism, human orientation, performance orientation, future orientation, and distance power) moderate the relationship between leadership and employee engagement [28].

Researchers use different terms of engagement, such as employee or work engagement. Engagement creates characteristics like vigor, dedication, and absorption [2,29]. Research

conducted by Amor et al. found that transformational leadership pushes work engagement by allowing adequate power to access information, opportunities, support, and resources [14]. Empirical studies tested structural empowerment as a mediator between transformational leadership and work engagement and earned working as a reference for promoting work engagement in service organizations. Jena et al. found that employee engagement relates positively to trust in the organization. Psychological well-being mediates the relationship between employee engagement and trust in the organization. Transformational leadership mediates the relationship between employee engagement and trust in the organization [30]. Besides that, the research conducted by Besieux et al. found a positive relationship between transformational leadership and employee engagement mediated by corporate social responsibility [31]. Based on those researches, the hypothesis of this research is as follows:

H2: Transformational leadership has a positive relationship with employee engagement.

2.2 Research Methods

Data collection was carried out from April to June 2021. The research sample is 107 banking sector employees in Bandar Lampung, Indonesia. The data collection process was carried out using a questionnaire on google forms. The data shows the characteristics of respondents based on sex type males (57.9%) are higher than females (42.1%). Predominantly the education is a bachelor's (75.7%).

Transformational leadership is measured using the multifactor leadership questionnaire (MLQ) developed by Bass et al. [19], consisting of 20 items. Analysis results show transformational leadership variable valid and reliable with Cronbach alpha 0.836.

Work-life balance is measured using a measurement developed by Fisher et al. [14]. This scale has 17 items formed from Work Enhancement of Personal Life (WEPL), Personal Life Enhancement of Work (PLEW), Personal Life Interference with Work (PLIW), and Work Interference with Personal Life (WIPL). Analysis results show the work-life balance variable valid and reliable with Cronbach alpha 0.822.

Employee engagement is measured using the Utrecht Work Attachment Scale (UWES) [2]. This scale has four dimensions of employee engagement, namely vigor, dedication, and absorption, that form 17 items. The analysis shows employee engagement variable valid and reliable with Cronbach alpha 0.735.

Structural Equation Modeling uses Partial Least Square (SEM-PLS). The software used for structural analysis is SmartPLS 3.0 version. SEM uses matrix or present equality for structural or abbreviated equality structural (structural equation), and equation for measurement model or abbreviated becomes equality measurement (measurement equations).

3. RESULTS AND DISCUSSION

Test model fit is done with various criteria goodness of fit. The measurement uses R-square dependent latent variable with the same interpretation as regression. SmartPLS Program test the degree of fit of a structural model through SRMR criteria, d_ULS and d_G, NFI, RMS_theta, R², R² Adjusted, and Q² [25]. Partial Least Square (PLS) does not assume a specific parameter estimation distribution, so a parametric technique for test parameter significance is not required. Model 1 fit test can be seen in the following explanation.

Table 1 shows the NFI value is 0.968, and the rms Theta value is 0.099. NFI value count approach 1 shows that the model has a high

level of fit. The rms Theta value is 0.099; underscore condition 0.1 indicates that the structural model in this study could be categorized as a fit model.

Table 2 shows SRMR value 0.098, value d_ULS 0.662 and value d_G 0.394. According to Hair et al. (2016), the PLS structural model can be categorized as a good fit model if SRMR, d_ULS, and d_G values are at the confidence value interval [32]. The values show that this study's PLS structural model could be categorized as a good fit model.

Table 3 shows the model fit test with R² and adjusted R² structural model values. According to Hair et al. [25], the determination coefficient (R²) is a method for evaluating how much endogenous constructs can be explained by exogenous constructs, while adjusted R² is the value of R² that has been corrected based on standard errors. Adjusted R² value gives more strength than R² in evaluating an exogenous construct's ability to explain endogenous construct. Adjusted R² values of 0.658 and 0.308 indicate that transformational leadership could influence work-life balance by 30.8% and employee engagement by 65.8%. Table 4 also shows the Q² value for the third variable as more than 0, indicating proof that observed values have already been reconstructed. Thus, the model has predictive relevance. Q² value used to see the relative influence of structural model on measurement observation for variable dependent latent (endogenous latent variable).

Table 1. Model fit 1

	Value Calculate	Value Terms	Description
NFI	0,968	0 < NFI < 1	Fit
rms Theta	0,099	< 0,120	Fit

Table 2. Model fit 2

	Value Calculate	Confidence Interval		Description
		95%	99%	
SRMR	0,098	0,095	0,107	Good Fit
d_ULS	0,662	0,598	0,755	Good Fit
d_G	0,394	0,357	0,463	Good Fit

Table 3. Model fit 3

Variable	R ²	Adjusted R ²	Q ²
Work-life Balance	0,315	0,308	0,442
Employee Engagement	0,665	0,658	0,100
Transformational Leadership			0,443

Table 4 shows the model fit 4. The estimated f^2 value for the relationship path in the structural model must be evaluated from the power and significance relationship perspective. F^2 value of 0.459 on the relationship between transformational leadership and work-life balance is categorized as a strong predictor of the latent variable (exogenous latent variable) at the structural level. F^2 value of 0.430 on the relationship influence between transformational leadership and employee engagement is categorized as a strong predictor of the latent variable (exogenous latent variable) at the structural level.

Table 5 shows that all independent variables positively influence on dependent variable and t-statistics by overall above t-value (1.96). Thereby all hypotheses are supported. H1 is supported that transformational leadership has a positive relationship with work-life balance. H2 is supported that transformational leadership has a positive relationship with employee engagement.

H1 testing shows that transformational leadership positively affects the employee's work-life balance in the banking sector in Bandar Lampung. The results align with previous researches that study that transformational leadership influences work-life balance [22–25]. Research results show that work-life balance applied good enough for banking employees in Bandar Lampung but not maximum yet. Bank employees can balance their WIPL and PLIW where individual life and job balance lay good enough.

The results also show that bank employees can balance PLEW and WEPL. Individual life and job could improve performance. However, WEPL is the work-life balance dimension lowest score. Some employees feel that their self is in a heart atmosphere that is not good enough in the workplace because their profession does not advocate individual life activity. This study implies that transformational leadership influences work-life balance. The more leader stimulates and inspires followers to reach excellent results and develop their capacity; then the more employee increases their ability to balance work and personal life role.

H2 testing shows that transformational leadership positively correlates with employee engagement in the banking sector in Bandar Lampung. The finding is in line with the previous study [8,14,27,29,31], where those study show transformational leadership influence employees engagement. Research results show that transformational leadership is considered a good leadership style applied in the banking sector in Bandar Lampung. Leaders of the banking sector mainly apply idealized influence behavior where leaders behave as role-model and are admired, respected, and trusted by their followers. Leaders also mostly use inspirational motivation. Leaders behave as a motivator and stimulants to their followers. Leaders of the banking sector in Bandar Lampung also mainly apply intellectual stimulation where leaders encourage followers to be ingenious and creative.

Table 4. Model fit 4

	Nilai F^2	T Statistics (O/STDEV)	P Values
Transformational Leadership -> Work-life Balance	0,459	2,791	0,006
Transformational Leadership -> Employee Engagement	0,430	2,155	0,009

Table 5. Coefficient variable (Inner model)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t Statistics (O/STDEV)	P Values
Transformational Leadership-> Work-life Balance	0,561	0,577	0,061	9,248	0,000
Transformational Leadership-> Employee Engagement	0,121	0,112	0,086	3,402	0,008

However, individualized consideration is the respondent's lowest score on the transformational leadership variable. The study results also show that leaders of the banking sector mainly apply individual consideration behavior where the leader as a facilitator or mentor gives special attention to every need of his subordinates to achieve and develop. This study implies that the more leader stimulates and inspires followers to reach excellent results and develop their capacity, the more positive thoughts, satisfaction, and work engagement employees to the organization.

4. CONCLUSION

Based on study results, transformational leadership positively influences employee engagement in the banking sector in Bandar Lampung and their work-life balance. Good transformational leadership will increase work-life balance and employee engagement in the organization. Some suggestions are as follows bank leaders can value employee contributions such as appreciation, opportunity to learn and develop, collaboration in increasing employee productivity, teaching and motivation, and appropriate training. Refer to the results of work-life balance. Bank leaders can formulate various policy that helps employee realize work-life balance. Good time management, holding related activities with hobbies, as well as activities or meeting involving employees' families so that employees can align their obligations as workers with private life. Refer to the results of employee engagement. Bank leaders can engage employees where their contributions are essential to the organization. It could be conducted with an opportunity for employees' opinions, encourage to apply creativity, show concern to employees, and activities that can get employees closer to the organization. When employees engage, they will understand duties and roles in their organization, will appear to strengthen physical and mental health, and positively contribute that will impact high-performance achievement.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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