

Leadership Style and Workplace Environment in Shaping Employee Performance: Empirical Insights from an Indonesian Higher Education Institution

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Abstract:

This study examines the effects of transformational leadership and work environment on employee performance at Batari Toja Institute, a private higher education institution in Bone Regency, Indonesia. A quantitative approach was employed using a census method involving all 40 employees (total sampling). Data were collected through structured questionnaires using a five-point Likert scale and direct observation. The data were analyzed using validity and reliability tests, classical assumption tests, multiple linear regression, and hypothesis testing with SPSS.

The findings indicate that transformational leadership does not exert a significant direct effect on employee performance when not supported by strong role modeling, effective communication, and participatory practices. In contrast, the work environment has a significant positive effect on employee effectiveness and productivity. Simultaneously, transformational leadership and work environment significantly influence employee performance. Leadership contributes to shaping organizational commitment and work orientation, while a supportive work environment facilitates optimal task execution.

These findings highlight the importance of integrating leadership quality with conducive workplace conditions to enhance employee performance in higher education institutions..

Keywords: Transformational leadership; work environment; employee performance.

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INTRODUCTION

The rapid development of globalization, science, and information technology has intensified competition across sectors, compelling organizations to strengthen their internal capabilities to remain competitive and sustainable. In this context, human resources (HR) constitute a strategic asset that determines organizational adaptability and long-term performance. Regardless of technological advancement or infrastructural sophistication, organizational success ultimately depends on the quality, competence, and performance of its human capital (Vioary et al., 2024). Therefore, effective human resource management has become a central concern, particularly in higher education institutions that are expected to produce competitive and high-quality graduates.

Leadership plays a pivotal role in mobilizing human resources toward organizational goals. Leaders are responsible not only for directing and controlling activities but also for shaping employee motivation and commitment (Yusnita et al., 2025). Leadership is commonly defined as the ability to influence a group toward the achievement of goals (Robbins & Judge, 2015). Among various leadership approaches, transformational leadership has received significant scholarly attention due to its emphasis on inspiring followers, fostering innovation, and promoting organizational change.

Transformational leadership refers to a leadership process in which leaders and followers elevate one another to higher levels of motivation and morality (Nurhayanti, 2012). It emphasizes ethical values such as integrity, justice, and responsibility while encouraging employees to transcend personal interests for organizational advancement. This leadership style comprises four primary dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These dimensions collectively enhance employees' commitment, creativity, and engagement. In educational institutions, transformational leadership is particularly relevant because it promotes harmonious work relationships and contributes to improved employee performance (Muhtar et al., 2023). Furthermore, transformational leaders in educational settings are expected to instill shared values that strengthen organizational identity and collective responsibility (Soefarmin et al., 2024).

Despite its theoretical strength, empirical findings regarding the relationship between transformational leadership and employee performance remain inconsistent. Riaz et al. (2010) reported a significant positive effect of transformational leadership on employee performance. However, other studies have found insignificant relationships (Soepalman et al., 2023). These inconsistencies indicate the existence of a research gap and suggest that the effectiveness of transformational leadership may depend on organizational context, culture, and structural conditions. Hence, further empirical examination in different institutional settings, particularly private higher education institutions, remains necessary.

In addition to leadership, the work environment is widely recognized as a critical determinant of employee performance. The work environment encompasses physical and non-physical aspects surrounding employees that influence task execution and psychological well-being (Isyandi, 2014). It includes physical conditions such as lighting, ventilation, noise levels, workspace layout, and availability of facilities, as well as psychosocial conditions such as interpersonal relationships and communication patterns. Mangkunegara (2017) defines the work environment as all tools, materials, work methods, and arrangements that influence employees in performing their tasks. Similarly, Sutrisno (2016) and Silalahi (2013) emphasize that both physical and social components of the workplace directly or indirectly affect employee productivity and organizational effectiveness.

Empirical studies examining the influence of the work environment on employee performance also reveal inconsistent findings. Chandra (2018) identified a positive and significant relationship between work environment and performance, while Prakoso and Efendi (2022) as well as Mahmudin (2022) reported non-significant or negative effects. These contradictory findings further strengthen the need for contextual investigation, particularly in private higher education institutions where resource limitations and managerial dynamics may differ from other sectors.

Employee performance itself represents the degree to which employees accomplish tasks in accordance with organizational standards. Performance is commonly evaluated based on quality, quantity, timeliness, cooperation, and responsibility (Mathis & Jackson, 2013; Sutrisno, 2016). Mangkunegara (2007) describes performance as the qualitative and quantitative results achieved by employees in carrying out their responsibilities. Poor performance may threaten organizational sustainability, whereas optimal performance enhances institutional competitiveness.

Preliminary observations at Batari Toja Institute, a private higher education institution in Bone Regency, Indonesia, indicate several challenges related to leadership practices, communication effectiveness, work discipline, and adequacy of workplace facilities. Issues such as limited inspirational guidance from leadership, communication barriers between supervisors and employees, suboptimal discipline reflected in absenteeism rates exceeding 10% annually, and inadequate physical infrastructure suggest that both leadership style and work environment may influence employee performance outcomes. These institutional realities provide a relevant empirical context to test the theoretical relationships between transformational leadership, work environment, and employee performance.

Given the identified empirical problems and inconsistencies in prior research findings, this study aims to examine the effects of transformational leadership and work environment on employee performance at Batari Toja Institute. Specifically, this study addresses the following research questions:

H1: Does transformational leadership significantly influence employee performance?

H2: Does the work environment significantly influence employee performance?

H3: Do transformational leadership and work environment simultaneously influence employee performance?

RESEARCH DESIGN AND METHODOLOGY

Research Design

This study employed a quantitative descriptive research design grounded in the positivist paradigm. Quantitative research aims to test predetermined hypotheses through statistical analysis of numerical data collected from a defined population (Sugiyono, 2013). The study was conducted to examine the influence of transformational leadership and work environment on employee performance at Batari Toja Institute, Bone Regency, Indonesia.

Research Site and Time

The research was conducted at Batari Toja Institute, a private higher education institution located in Bone Regency, Indonesia. Data collection was carried out over a one-month period, from December 2025 to January 2026.

Population and Sample

The population consisted of all academic and administrative employees of Batari Toja Institute, totaling 40 individuals. Given the relatively small population size, a total sampling technique was applied, meaning all members of the population were included as research respondents (Arikunto, 2006). Therefore, the sample size was 40 employees.

Data Collection Techniques

Data were collected using both primary and secondary sources. Primary data were obtained through a structured questionnaire distributed directly to respondents. The instrument was developed based on established theoretical constructs and adapted from previous studies to suit the institutional context.

Responses were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale was used to measure respondents' perceptions of transformational leadership, work environment, and employee performance. Secondary data were obtained through literature review and institutional documentation to support theoretical and contextual analysis.

Variables and Measurement

Transformational leadership (X_1) was measured using four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Work environment (X_2) was measured through physical and non-physical indicators, including workplace facilities, lighting, workspace layout, communication quality, and interpersonal relationships.

Employee performance (Y) was measured using indicators of work quality, work quantity, task implementation accuracy, and responsibility.

RESULTS AND DISCUSSION

Respondent Characteristics

A total of 40 employees participated in this study. Female respondents slightly dominated the sample (55%), while males accounted for 45%. The majority of respondents were in the productive age range of 31–50 years (80%), indicating a mature and experienced workforce. Most respondents held a master's degree (62.5%), followed by bachelor's (22.5%) and high school qualifications (15%). In terms of tenure, 77.5% had worked for more than five years, suggesting substantial organizational experience and familiarity with institutional leadership and work conditions.

These characteristics indicate that the respondents possess adequate professional maturity and educational background to provide informed evaluations of leadership practices, workplace conditions, and performance outcomes.

Descriptive Statistics

All questionnaire items were completed without missing data ($N = 40$). Responses ranged from 1 to 5 across all variables, indicating variability in perceptions of transformational leadership, work environment, and employee performance.

Standard deviation values ranged from 0.73 to 1.13, suggesting moderate variation in responses. Higher variability was observed in communication-related and leadership-related items, indicating differing perceptions of leadership implementation and interpersonal dynamics. Meanwhile, physical work environment indicators showed relatively more consistent responses. These findings confirm the presence of perceptual differences among employees and justify further inferential analysis.

Instrument Testing

Validity

All variables demonstrated acceptable corrected item-total correlation values above the minimum threshold (≥ 0.30), indicating that all measurement items were valid and adequately represented their respective constructs.

Reliability

Cronbach's Alpha coefficients exceeded the acceptable threshold of 0.60 for all variables: transformational leadership (0.677), work environment (0.748), and employee performance (0.634). These results confirm satisfactory internal consistency, indicating that the instrument was reliable for further analysis.

Classical Assumption Tests

The normal probability plot showed that residuals were approximately normally distributed.

Multicollinearity testing revealed tolerance values of 0.735 and VIF values of 1.360 for both independent variables, indicating no multicollinearity issues.

The scatterplot test showed no clear pattern of residual distribution, suggesting the absence of heteroscedasticity.

Thus, the regression model satisfied classical assumption requirements.

Multiple Linear Regression Analysis

Coefficient of Determination

The regression model produced an R value of 0.361, indicating a weak positive relationship between transformational leadership, work environment, and employee performance.

The R^2 value was 0.130, meaning that 13% of the variance in employee performance was explained by the independent variables, while 87% was influenced by other factors not included in the model. The Durbin-Watson value (1.919) indicated no autocorrelation.

Simultaneous Effect (F-test)

The F-test result showed $F = 2.769$ with a significance value of 0.047 (< 0.05). This indicates that transformational leadership and work environment simultaneously have a statistically significant effect on employee performance. Therefore, the overall regression model is significant.

Partial Effects (t-test)

The regression equation is expressed as:

$$Y = 14.769 - 0.093X_1 + 0.358X_2$$

Transformational leadership (X_1) had a negative coefficient ($\beta = -0.093$) with a significance value of 0.426 (> 0.05), indicating that it does not significantly affect employee performance. In contrast, work environment (X_2) had a positive coefficient ($\beta = 0.358$) with a significance value of 0.027 (< 0.05), indicating a positive and significant effect on employee performance. These findings suggest that, within the context of Batari Toja Institute, the quality of the work environment plays a more substantial role in influencing employee performance than transformational leadership practices.

This study aimed to examine the influence of transformational leadership and work environment on employee performance in a private higher education institution. The findings reveal differentiated contributions of the two independent variables, offering both theoretical and contextual insights.

Transformational Leadership and Employee Performance

The results indicate that transformational leadership does not have a significant direct effect on employee performance. This finding contrasts with much of the dominant leadership literature, which suggests that transformational leadership enhances motivation, commitment, and ultimately performance outcomes (Robbins & Judge, 2015). Theoretically, transformational leadership through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration should foster higher levels of employee engagement and productivity.

However, the present findings align with several empirical studies that report non-significant or context-dependent effects of transformational leadership on performance. This supports the argument that leadership effectiveness is contingent upon organizational context, structural conditions, and the consistency of leadership implementation. In this study, descriptive findings showed variability in employees' perceptions of leadership practices, particularly regarding inspiration, communication, and individualized attention. Such inconsistency may weaken the observable impact of transformational leadership on measurable performance outcomes.

From a human resource management perspective, leadership alone may not directly translate into performance improvements if not supported by systemic organizational mechanisms such as performance appraisal systems, clear role structures, or adequate work facilities (Dessler, 2015). In the context of Batari Toja Institute, leadership practices may not yet be sufficiently institutionalized or perceived uniformly across employees, thereby limiting their direct statistical influence.

These findings contribute to the international research gap by reinforcing the notion that transformational leadership does not universally guarantee performance enhancement. Instead, its effectiveness appears conditional upon contextual alignment, implementation intensity, and organizational readiness.

Work Environment and Employee Performance

In contrast, the work environment demonstrated a positive and significant effect on employee performance. This finding is consistent with organizational behavior theory, which emphasizes that physical and psychosocial workplace conditions directly influence employee productivity, well-being, and efficiency.

Theoretically, a supportive work environment enhances task execution by reducing physical constraints and psychological stressors (Sutrisno, 2016; Mangkunegara, 2017). Adequate facilities, proper workspace layout, effective communication, and harmonious interpersonal relationships create conditions that enable employees to perform optimally.

Empirically, the institutional context revealed issues related to workspace arrangement, facility maintenance, and communication dynamics. Given that most respondents are highly educated and have long tenure, their expectations regarding professional work conditions are likely elevated. Thus, improvements in physical infrastructure and relational climate may produce immediate and observable performance gains.

This finding supports prior empirical studies reporting significant positive effects of work environment on performance, while contrasting with studies that found weak or insignificant relationships. Such differences further highlight contextual variation as a critical explanatory factor in HRM research.

Simultaneous Effect of Leadership and Work Environment

Although transformational leadership was not significant individually, the simultaneous test confirmed that leadership and work environment together significantly influence employee performance. This finding supports the integrative perspective of human resource management, which views performance as the outcome of multiple interrelated organizational factors rather than a single determinant.

Leadership functions as a behavioral driver shaping commitment and orientation toward goals, while the work environment provides structural and psychological support for task execution. When combined, these elements create a systemic influence on performance outcomes.

This integrative effect also helps reconcile inconsistencies in prior research. While individual effects may vary across contexts, the combined influence of leadership and workplace conditions remains relevant in shaping performance. In this study, the relatively low R^2 value (13%) indicates that additional variables—such as motivation, compensation, organizational culture, or competency—may further explain performance variation. This opens opportunities for future research to develop more comprehensive models.

Theoretical and Practical Implications

Theoretically, this study contributes to the ongoing debate regarding the universality of transformational leadership effects by demonstrating its context-dependent nature within a private higher education institution. It reinforces the importance of examining environmental and structural conditions alongside leadership behavior.

Practically, the findings suggest that institutional management should prioritize improving workplace conditions—including facility upgrades, workspace organization, and communication systems—while simultaneously strengthening consistent transformational leadership practices. Performance improvement strategies should adopt an integrated HRM approach rather than relying solely on leadership development initiatives.

CONCLUSION

This study examined the effects of transformational leadership and work environment on employee performance at Batari Toja Institute. The findings indicate that transformational leadership does not have a significant direct effect on employee performance. This suggests that leadership practices within the institution may not yet be implemented consistently or optimally, particularly in terms of inspiration, communication, and employee participation. In contrast, the work environment has a positive and significant influence on employee performance. Both physical and non-physical workplace conditions play an important role in supporting task effectiveness, improving work quality, and facilitating institutional goal achievement.

Simultaneously, transformational leadership and work environment significantly influence employee performance. Leadership functions as a directional mechanism that shapes work orientation, commitment, and discipline, while the work environment serves as a structural and psychosocial support system that enables effective task execution. These findings highlight the importance of adopting an integrated human resource management approach to improve organizational performance.

Practically, the institution should prioritize improving workplace facilities, spatial organization, and communication climate, while strengthening consistent and participatory leadership practices. Future research is encouraged to incorporate additional variables—such as motivation, organizational culture, or compensation—and consider mixed-method approaches to obtain a more comprehensive understanding of performance determinants in higher education institutions.

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