Logistic Management

The Role Of Engagement Leadership And Motivation In Pharmaceutical Companies During Pandemic Covid-19

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ABSTRACT

This study aimed to determine the mediating role of employee engagement in the relationship between transformational leadership and motivation on employee performance. Questionnaires were used to collect data from employees of companies operating in the pharmaceutical sector in Jakarta with 223 respondents. The data analysis used structural equation modeling with Smartpls program. The results of the study showed that transformational leadership directly can increase employee performance and work engagement. Furthermore, motivation was able to increase job engagement but it was not able to increase performance. Interestingly, employee engagement had been able to fully mediate the effect of motivation on employee performance, but it was unable to mediate the effect of transformational leadership on performance.

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INTRODUCTION

The pharmaceutical industry has been defined as a strategic sectors in the industry 4.0 application. During Covid-19 pandemic, the demand for vitamins, supplements, drugs for immune system increased. Along with the high demand in this sector, the government added the pharmaceutical sector as the priority sector in making Indonesia 4.0. The entry of the pharmaceutical industry into the development of Making Indonesia 4.0 is one of the Ministry efforts to immediately realize an independent Indonesia in the health sector so that it can meet domestic needs independently [1]. It makes every medical device company required to be able to increase the productivity by improving the performance of its human resources. Based on the data obtained on the main performance of the company in the form of sales level actually experienced a decrease of 23% compared to 2020.

Company performance refers to a company's ability to fulfill its objectives through optimizing its resources, one of which being human resources or personnel. Employee performance is linked to corporate success [1], with the higher the attainment of employee performance, the higher the firm's performance, therefore employees become an important factor in accomplishing company goals [2]. Employee performance is determined by what they do or do not do [3]. Employee performance refers to an employee's ability to complete all of the responsibilities assigned to them [4]. There are two types of elements that can influence employee performance: internal factors and external factors [5]. One of the internal elements that affect employee performance is motivation, whereas one of the external factors that affect employee success is leadership [1].

One of the internal elements is motivation, which asks how a person or corporation can urge their staff to work as much as feasible [6]. A person's motivation is closely related to his or her views and conduct. Individual attitudes interact with values, emotions, roles, social structures, and new experiences, all of which can be impacted and modified by behavior. This attitude shift is possible because the human mind is a sophisticated force capable of adapting, learning, and processing any new information or changes it encounters [7]. Employees who are highly motivated can increase their performance [8];[9]. Furthermore, leadership as an external component is seen as a significant factor in affecting performance [3], particularly transformative leadership [10]. Transformational leadership is a leadership style that can boost the pride of followers such that it inspires pride, exceeds expectations, and eventually improves performance [11];[12].

Empirical research on the relationship between motivation and performance was conducted by scholar which demonstrated that Motivation had a positive and significant effect on performance [13];[14], however, different results were obtained from other studies which demonstrated that Motivation has no effect on employee performance [15];[16]. Moreover, various scholars have conducted study on the relationship between transformative leadership and workforce performance. According to [17] and [18] research, transformative leadership has a considerable impact on employee performance. However, in the research of [11], [19] discovered that transformational
leadership had no effect on employee performance.

The inconsistency of research findings regarding the relationship between motivation and transformational leadership on employee performance creates a research gap that is filled by including a mediating variable, namely employee engagement, in order to explain the relationship, as well as a novelty in this study. Employee engagement is defined as employees' emotional and intellectual involvement in their organization [20]. Employees with a high level of engagement are enthusiastic and dedicated to their jobs, which improves performance. Employee engagement is defined as employees' emotional and intellectual involvement in their organization [20]. Employees with a high level of engagement are enthusiastic and dedicated to their jobs, which improves performance. Employee engagement is critical for businesses because it increases social variables such as teamwork, decision-making participation, how much employees support corporate goals, and how much they demonstrate achievements and development in their job [21]. Employee engagement has a positive effect on employee performance, according to research by [22] and [23] so this study aims to delve deeper into the role of employee engagement as a mediator on the relationship between motivation and transformational leadership on employee performance. [1]

Motivation

Motivation is defined as an individual's willingness to work with intensity and consistency to achieve organizational goals and objectives, with the hope that these efforts will guide them to achieve individual goals [24]. Motivation is an inner force that forces someone to do something [25]. Motivation is an individual's inner feeling that develops from within; workers are motivated to carry out more tasks than others [26]. Motivation is the process of discovering employee needs and helping them to achieve them. Motivating employees aims to expand their skills in meeting the demands of the organization. Every company should take responsibility for their employees, know each other's needs, and put them side by side with the company's needs. Employee motivation plays an important role in achieving the desired results [27]. Empirical research proves that motivation can improve performance [13];[14]. Furthermore, motivation is also able to increase employee engagement [28];[29] so we have the following research hypothesis:

H1: Motivation directly improves employee performance
H2: Motivation directly increases employee engagement

Transformational Leadership

Transformational leadership is described as the conduct of leaders and followers who are motivated to accomplish better work [2]. Transformational leadership is also characterized as a type of leadership that may encourage and motivate people to perform at a greater level [30];[31]. By enhancing employee engagement, dedication, and performance, transformational leadership focuses on developing followers and their needs [32]. Essentially, leaders that use the transformational leadership style can urge their people to always focus on organizational goals by increasing their performance [33]. Empirical research shows that transformational leadership can improve
performance[17];[18], additionally, transformational leadership can promote employee engagement [34];[35], hence the following study hypothesis is proposed:

H3: Transformational leadership directly increases employee performance
H4: Transformational leadership directly increases employee engagement

Performance

According to [36], performance is the result or level of success of an individual over a period of time in carrying out duties in comparison to other possibilities, such as work standards, targets, or established criteria that have been specified, have been reached amicably. Performance is defined as the actions taken by employees in carrying out the work assigned to them by the firm [37]. Individual results in terms of outcomes, processes, success, and relevance are also characterized as performance [38]. Employee performance is defined as their contribution to the organization’s mission [39].

Employee Engagement

Employee engagement has been defined in a variety of ways. Employee engagement is commonly defined as an employee's emotional and intellectual commitment in the organization [20]. Employee engagement is defined as commitment or motivation, and it refers to a psychological condition in which employees believe they have a vested interest in the company’s success and do duties to high levels that surpass the prescribed requirements [40]. [41] explain the benefits of employee engagement, stating that employee engagement can lead to organizational success in areas such as staff performance, productivity, work safety, attendance and retention, customer satisfaction, customer loyalty, and profitability. Employee performance is one of the outcomes of creating high levels of employee engagement. Employees who have a good relationship with the company will increase their work performance for the benefit of the organization [42].

Employee engagement can increase employee performance, according to empirical studies [22];[43]. Furthermore, this study attempts to extend previous research that discovered a direct relationship between motivation and transformational leadership by including the mediating variable of employee engagement as a novelty because research that examines the mediating role on this influence has not been studied, resulting in the following hypothesis:

H5: Employee engagement directly increases employee performance
H6: Employee engagement mediates the effect of motivation on employee performance
H7: Employee engagement mediates the effect of transformational leadership on employee performance

RESEARCH METHODS

This research used quantitative approach with explanatory research. Furthermore, the questionnaire was used as a research instrument in collecting respondents answers directly. In this study, questionnaires were distributed to employees. Questionnaires were distributed to all employees of a company that produces medicines in Indonesia. There were 254 employees and 223 respondents met the criteria for the research sample, namely permanent employees except for directors.
and managers as well as the human resources division, because this study was to determine the perception of the company permanent employees. After the data were collected, the tabulation was carried out. After the data was processed, then data analysis was carried out using the structural equation modeling method (SEM_PLS) using the help of the Smartpls version 3. program. The concept tests the modified outcomes of various research models to grant an overview of the variables studied [44]. In the SEM test, validity and reliability tests used to test the quality of the data. Subsequently, hypothesis testing was carried out using the bootstrapping technique which was used to test the direct and indirect effects (mediation).

Motivation was measured based on [45] with three dimensions among others: Need for Achievement, Need to Affilate, Need for Power. Furthermore, the measurement of transformational leadership variables based on [46] with four dimensions among others: idealized influence, inspirational motivation, intellectual stimulation, dan individualized consideration. Then measurement of variable engagement from [47] with seven dimensions: feeling full of energy, being able to work for a long time, inspiring work, enthusiastic about work, proud of work, fast time passed when working, trying to get away from work) with three dimensions among others: altruism, conscientiousness, and civic virtue. Furthermore, employee performance used [33] with four dimensions, such as: quality, quantity, responsibility, cooperation. All variables used a Likert scale from numbers 1 to 5 that indicate between strongly disagree to strongly agree [2].

RESULTS AND DISCUSSION

Table 1 describes the demographics of respondents based on gender, age, educational background and all work for all samples. The majority of the sample was male (60%). It is because the majority of companies that produce medicines require male workers because their tasks are more difficult. Then the majority of the age group was 20-30 years (71.3%). It is because the company prioritizes recruiting employees of productive age. Furthermore, the educational background of the majority of diplomas was 46.2% because the company prefers employees with higher education. Employees with higher education usually have skills in completing their work. Finally, the majority of working years are 3-5 years as much as 67.3% that means the sample in this study is employees who have worked in the company for a long time and already have work experience, so that they have a lot of experience in completing their work and can provide more objective responses about their work.

Table 1. Respondent Demographics

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Man</td>
<td>140</td>
<td>60</td>
</tr>
<tr>
<td>Woman</td>
<td>83</td>
<td>40</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30 years</td>
<td>159</td>
<td>71.3</td>
</tr>
<tr>
<td>31-40 years</td>
<td>64</td>
<td>28.7</td>
</tr>
</tbody>
</table>

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[httpdx.doi.org/10.30998/jmil.v6i1.1033](http://dx.doi.org/10.30998/jmil.v6i1.1033)
Furthermore, after the data is collected, reliability and validity testing is carried out with the aim of testing data quality. First, in reliability testing, it is known in table 2, table 3 that the variables of motivation, transformational leadership, engagement and employee performance each have Cronbach's alpha and composite reliability values > 0.7 [49] so it can be interpreted that the questionnaire that has been distributed is reliable. Then the next test is convergent validity. In Table 3 the average variance extracted (AVE) value of each variable has a value > 0.50 [50]; [3]. Furthermore, based on validity and reliability testing, it can be concluded that the questionnaire used is valid and reliable. After testing the data quality, it is continued with hypothesis testing directly or indirectly using the bootstrapping method on Smartpls by following the conceptual framework built from scratch, the results of hypothesis testing can be presented in table 4.
Table 4. Hypothesis Testing Result of Direct Effect

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coef.</th>
<th>t-statistic</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation EP</td>
<td>0.180</td>
<td>1.813</td>
<td>0.070</td>
<td>Rejected</td>
</tr>
<tr>
<td>Motivation Engagement</td>
<td>0.395</td>
<td>2.970</td>
<td>0.003</td>
<td>Accepted</td>
</tr>
<tr>
<td>TL EP</td>
<td>0.311</td>
<td>2.354</td>
<td>0.019</td>
<td>Accepted</td>
</tr>
<tr>
<td>TL Engagement EP</td>
<td>0.347</td>
<td>2.233</td>
<td>0.019</td>
<td>Accepted</td>
</tr>
<tr>
<td>Engagement EP</td>
<td>0.471</td>
<td>3.412</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

(a)
Overall, the hypothesis in this study is divided into two parts, first direct testing of five hypotheses, second indirect testing of two hypotheses. Complete hypothesis testing can be presented in Table 4 and Figure 1. In direct testing, it can be concluded that the first hypothesis was rejected (p-value 0.070 > 0.05) with the positive coefficient value. It can be interpreted that motivation had an insignificant effect to employee performance, the better the employee motivation, the less he can improve his performance. Then the second hypothesis was accepted (p-value 0.003 < 0.05) with the positive coefficient value. It means that motivation had a positive and significant effect on engagement. The third hypothesis is accepted (p-value 0.019 < 0.05) that means the transformational leadership can significantly improve employee performance. The fourth hypothesis was accepted (p-value 0.019 < 0.05) that means the transformational leadership can increase employee engagement. Finally, the fifth hypothesis is that engagement can improve employee performance (p-value 0.001 < 0.05). It can
be concluded that from the five hypotheses proposed four hypotheses were accepted and one hypothesis was rejected.

The results of this study empirically proved that motivation did not significantly affect employee performance. Motivation is a desire that comes from within the employees and each employee had a different motivation. To motivate the employees aim expand their skills in fulfilling the demands of the organization. Every company should take responsibility for their employees, know each other needs, and put them side by side with the company needs. The results of this study showed the contradictory before [13],[14] and in line with [15] and [16], the motivation does not play a role in improving employee performance. Based on this, the company must find other ways to improve performance besides increasing motivation because directly employee motivation cannot increase the performance, in this case employees will continue to carry out the assigned tasks even though they have low motivation.

Although motivation does not directly affect the performance, motivation had a significant effect on employee engagement. The concept of employee engagement is related to the involvement, satisfaction, and enthusiasm of an employee with his work. Employees with a high level of engagement tend to show a high level of enthusiasm in doing their jobs [51]. The jobs also tend to perceive a deep connection to their company. One aspect that can increase employee engagement is motivation [52]. With high motivation possessed by an employee, both from external and internal factors, it may increase employee engagement. With this, employees will continue to stay in the job and the company they are occupying. If employees with low engagement levels will make a tendency to show a desire to move [53]. It is in line with research [28] and [29].

The conclusion is intended to answer the research problems or purposes. It helps the readers understand why your research should matter to them after they have finished reading the paper. It is not just a summary of the main topics covered or a re-statement of your research problem, but a synthesis of key points and, if applicable, where you recommend new areas for future research.

Transformational leadership as an important predictor is to make employees work better for the organization because it can inspire employees to commit their work. Basically leadership is the ability of leaders to influence employees in an organization so that they are motivated to achieve organizational goals. The results of this study are in line with research conducted by [17] and [18] that states the transformational leadership had a positive and significant effect on employee performance. Based on this research, the leaders in the company are more appropriate to choose this leadership style because by applying a transformational leadership style that may make employee performance increase.

Engagement increased their performance [54]. Employee performance affects the organization contribution that includes output quantity, output quality, output period, attendance at work, and cooperative attitude [55], [4]. So, with high engagement, their performance will
increase which will benefit the Companies with employees involved in their work scope have high employee retention as a result of decreased employee turnover, reduced intention to leave the company. Therefore, it is expected to increase employee engagement by creating a comfortable work environment, good compensation and always making company policies that provide opportunities for career development patterns. The results of this study support previous research from [22];[43].

**Table 5. Hypothesis Testing Result of Indirect Effect**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coef</th>
<th>t statistic</th>
<th>p-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation – Engagement-EP</td>
<td>0.186</td>
<td>2.119</td>
<td>0.035</td>
<td>significant</td>
</tr>
<tr>
<td>TL -Engagement-EP</td>
<td>0.164</td>
<td>1.724</td>
<td>0.085</td>
<td>insignificant</td>
</tr>
</tbody>
</table>

Engagement can mediate in the sixth hypothesis, it turns out that the mediation is full mediation, where the direct influence of Motivation on employee performance is not substantial but the indirect effect of Motivation on employee performance is significant. In this part, there are two hypotheses that describe the role of engagement in mediating the influence of motivation and transformational leadership on employee performance as presented in table 5. In this study, it is empirically proven that engagement mediates the effect of motivation on employee performance (p-value 0.035 < 0.05). The sixth hypothesis is accepted. Furthermore, the seventh hypothesis on the role of engagement in the relationship between transformational leadership and employee performance (p-value 0.085 > 0.05) means that the hypothesis is rejected.

Although performance through engagement was significant. The results of this study were the new findings that place engagement as a mediating variable because previous studies only examined the direct influence of these two variables, such as research by [28] and [29] that motivation had a significant effect on employee performance while research by [22] and [43] proves that engagement had a significant effect on employee performance. Employee engagement must always be maintained because it is a bridge between motivation and employee performance indirectly [1].

The seventh hypothesis also resulted surprising empirical results, different with the proposed hypothesis where employee engagement did not succeed in mediating the effect of transformational leadership on employee performance. It is because the engagement is a positive feeling such as passion, enthusiasm in completing work that is internal so that transformational leadership on employee performance with mediation of engagement becomes insignificant if through engagement. It is in accordance with conditions in the work environment that employees who have been affected by the leadership of managers who apply a transformational leadership style can improve their performance without employee engagement because employee engagement is individual while performance as the result of various combinations of measures and standards...
determined by the company so that engagement is not able to mediate the effect of transformational leadership on performance.

This study provides several empirical contributions, namely to the development of science in the field of human resource management, especially in the pharmaceutical industry in Indonesia. In this study, it is proven that directly motivation was not able to improve performance while transformational leadership could improve employee performance, as well as the direct influence of engagement on performance that was also significant. It means that the company management needs to pay more serious attention to employee transformational leadership if the company wants to improve employee performance and engagement. As a form of research novelty, this study adds engagement as a mediating variable that successfully mediates the effect the motivation on employee performance. However, engagement did not succeed in mediating the effect of transformational leadership on employee performance for several reasons mentioned.

The results of this study also complement and answer research gaps from the existing literature review regarding motivation, transformational leadership, employee engagement and performance, especially in the pharmaceutical industry in Indonesia that is one of the most populous countries in the world, so that it will have an impact on the number of people in the world. medicines produced, especially with the pandemic that has increased the demand for drugs. It forces pharmaceutical companies to continue to be productive in all the restrictions imposed by the Indonesian government and it is the challenge for companies.

CONCLUSION

The results of this study succeeded in answering the research questions presented previously that transformational leadership had an effect on employee performance as well as on engagement. Furthermore, the engagement had succeeded in mediating the relationship between motivation and employee performance. However, surprisingly the engagement did not succeed in mediating the effect of transformational leadership on employee performance. It is because engagement is individual while performance is the result of various combinations of measures and standards set by the company so that engagement is not able to mediate the influence of transformational leadership on performance.

This study had several limitations, such as the limited research sample that is to pharmaceutical companies domiciled in Jakarta, Indonesia. Further researchers can compare with the same pharmaceutical company but from companies based abroad so that the research results can be generalized to several countries with the same industry. Then, this research was conducted during the COVID-19 pandemic, so different results were very likely to occur if carried out in post-pandemic conditions.

Therefore, further the researchers are expected to add other mediating variables that may answer the fail of engagement variable in mediating the influence of transformational leadership on employee performance in pharmaceutical companies. Further researchers can add
research samples from other health sector companies such as companies that produce medical devices to make the research results can be applied throughout the sector.

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REFERENCES


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