

THE EFFECT OF TRANSFORMATIONAL LEADERSHIP AND TRANSACTIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE THROUGH WORK ENVIRONMENT MODERATED BY POSITIVE PSYCHOLOGICAL CAPITAL AT THE ACEH ENERGY AND MINERAL RESOURCES SERVICE

Fadhli*, Muhammad Adam and Mukhlis

Management Department, Universitas Syiah Kuala, Indonesia

*Corresponding Author : fadhlimusk@gmail.com

<http://doi.org/10.35409/IJBMER.2025.3682>

ABSTRACT

This study aims to examine the impact of transformational and transactional leadership on employee performance, with the work environment acting as a moderator influenced by positive psychological capital within the Energy and Mineral Resources Service of Aceh Province (ESDM Aceh). The target population for this research comprises all employees at ESDM Aceh, totaling 107 individuals. A census approach was used, so the sample size is also 107 people. Primary data was collected through a questionnaire utilizing a Likert scale. The questionnaires were distributed, and the data were analyzed using Structural Equation Modeling (SEM) with AMOS software. The findings demonstrate that both transformational and transactional leadership significantly positively influence the work environment and employee performance. Additionally, the work environment has a noteworthy positive effect on employee performance. The work environment also partially mediates the relationship between transformational and transactional leadership and employee performance. Furthermore, positive psychological capital moderates the impact of the work environment on employee performance. These results confirm the model, proposing that enhancements in employee performance are linked to strengthening both transformational and transactional leadership, improving the comfort of the work environment, and bolstering employees' psychological capital.

Keywords: Employee Performance, Work Environment, Positive Psychological Capital, Transformational Leadership, Transactional Leadership.

1. INTRODUCTION

Employee performance is a crucial factor for organizations, as it directly influences their ability to achieve goals (Zubair et al., 2015). The results produced by employees stem from specific job requirements. Each position has defined criteria that must be met to successfully reach these goals, often referred to as job standards. The outcomes an employee delivers while fulfilling their role, in accordance with these job requirements or performance standards, determine their success. When an employee effectively meets their responsibilities, they are said to have performed well. Performance, therefore, is an accomplishment realized by employees as they carry out their duties. Here, we will examine the performance of employees at the Energy and Mineral Resources Department of Aceh Province (ESDM Aceh) during the years 2022-2023.

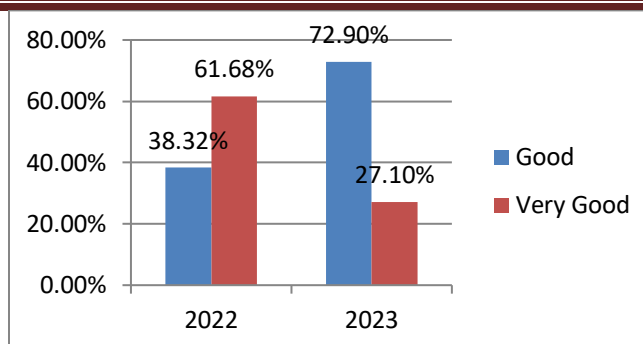


Figure 1. Employee Performance of the ESDM Aceh in 2022-2023

According to Figure 1, the performance of employees at the ESDM Aceh decreased from 2022 to 2023. The percentage of employees receiving the "Very Good" rating dropped from 61.68% in 2022 to 27.10% in 2023. This decline is also reflected in the Performance Assessment (SKP). Several interrelated factors contribute to the decrease in employee performance at ESDM Aceh. A primary cause is the lack of understanding and inadequate training regarding the performance assessment system among employees. Data indicates that in 2023, only about 60% of employees participated in training related to SKP, leaving many without sufficient knowledge on how to prepare and implement effective SKP. This shortfall affects the quality of performance reports, which in turn impacts overall employee performance assessments. Additionally, external factors, such as frequent changes in policies and regulations, have also contributed to the decline in SKP. For example, in 2022, ESDM Aceh underwent changes in natural resource management policies, which required employees to adapt quickly. However, the lack of support from management in the form of guidance and adequate resources made it challenging for employees to meet new performance targets. In 2023, data revealed a 15% decrease in the average employee SKP compared to the previous year, highlighting the struggles faced in achieving optimal performance during this period of rapid change. Although pre-survey results suggest that performance is generally good, some indicators show low average values. Respondents express that they feel unable to manage more than one job effectively.

Many factors influence performance, including the work environment. Research by (Sihotang, 2020) states that the work environment has a negative and relevant influence on employee performance. The pre-survey results show that performance is good. However, there are still indicators that have low average values where respondents feel dissatisfied with their current job. The next factor that influences performance is positive psychological capital. Positive psychological capital is a concept that includes four main dimensions: hope, self-efficacy, resilience, and optimism. Positive Psychological Capital plays an important role in influencing employee performance, both directly and indirectly, by strengthening aspects of employee motivation, resilience, and well-being. Positive psychological capital encourages employees to find meaning in their work, thereby increasing intrinsic motivation (Avey et al., 2010). Employees feel more engaged with their tasks because they believe that their efforts can have a positive impact. Employees with high levels of resilience are able to deal with work pressure, failure, or difficult situations without compromising the quality of their performance. They tend to bounce back after facing challenges. Positive psychological capital helps create emotional balance so that

employees can stay focused and productive even when faced with challenging situations. Positive psychological capital has a significant effect on employee performance by increasing motivation, resilience, and the ability to manage stress. Employees who have high Positive Psychological Capital tend to be more productive, innovative, and satisfied with their work, which ultimately has a positive impact on the Work Environment as a whole. The results of (Irvayanti & Sopiah, 2022) study found that psychological capital has an effect on employee performance. The pre-survey results showed that there were still some employees who tended to view difficult situations as problems, not opportunities.

Transformational leaders create a clear and attractive vision, and encourage employees to innovate and contribute actively by providing emotional support, constructive feedback, and recognition of achievements. The pre-survey results showed a good category ($3.73 > 3.41$). However, there are still indicators that have a low average value where the leader lacks appeal. Transactional leaders use rewards to motivate employees to achieve set targets. Incentives such as bonuses, promotions, or recognition can drive employee performance. Transactional leadership can improve employee performance in contexts that require compliance and measurable results (Vuong & Nguyen, 2022). However, in the long term, reliance on extrinsic motivation without emotional support and development opportunities can reduce performance. Therefore, this approach should be complemented with elements of transformational leadership to create a balance between short-term results and long-term employee development. The results of research by (Maroli & Safaria, 2023) and (Kurniawan et al., 2023) found that transactional leadership has an effect on employee performance. The results of the pre-survey showed that there were insufficient indicators that the leadership was not involved enough in the work process to avoid possible problems.

2. LITERATURE

Employee Performance

According to (Susanto, 2019) employee performance is defined as a person's level of achievement. Employee performance refers to the level of effectiveness and efficiency of an individual in carrying out the tasks and responsibilities given in an organization. This performance covers various aspects, such as the quality of work, quantity of results, and the ability to meet deadlines and collaborate with colleagues. Employee performance assessments are often carried out through evaluations that include target achievement, attitudes, and contributions to overall organizational goals (Sihotang, 2020). In addition, employee performance is also influenced by various factors, including motivation, training, and work environment. When employees feel motivated and have access to adequate resources, they tend to perform better. Therefore, organizational management needs to create supportive conditions, such as providing constructive feedback, development opportunities, and recognition for achievements, to encourage employees to reach their maximum potential (Vallennia et al., 2020).

Work Environment

(Sedarmayanti, 2016) stated that the work environment includes various elements, such as the layout of the workspace, available facilities, and interactions between employees and management. A good work environment can create an atmosphere that supports productivity, collaboration, and employee well-being, thus contributing to the overall performance of the organization

(Prawirosentono, 2014). In addition to physical aspects, the work environment also includes psychological and emotional factors that influence how employees feel and behave in the workplace. Organizational culture, values, and policies can influence employee motivation and job satisfaction. The work environment increases loyalty and reduces turnover rates, thereby creating stability and sustainability in the organization.

Positive Psychological Capital

(Bakker et al., 2008) revealed that positive psychological capital refers to a collection of mental and emotional resources possessed by individuals, which can improve their well-being and performance. This capital includes elements such as optimism, resilience, gratitude, and empathy, all of which contribute. By having positive psychological capital, individuals tend to be better able to overcome difficulties, adapt to change, and maintain motivation in achieving goals (Avey et al., 2010). When individuals have positive attitudes, they are more likely to interact with others constructively, build support networks, and create environments that support collaboration.

Transformational Leadership

(Kartono, 2017) described a leadership style that focuses on inspiration, motivation, and positive change in the organization and the individuals being led. Leaders with this approach not only provide direction but also build a strong vision, encourage innovation, and foster commitment and loyalty in team members. By instilling shared values and encouraging personal and professional development, transformational leadership creates a dynamic and adaptive environment for change (Northouse, 2013). This leadership model is effective in improving organizational performance because it is able to raise the work spirit and creativity of subordinates, so that they are more motivated to achieve common goals optimally (Wijayanti & Sundiman, 2017).

Transactional Leadership

(Yukl & Gardner, 2020) explained that transformational leaders strive to create a clear and compelling vision, which can motivate team members to actively contribute to achieving common goals. They not only direct and supervise, but also act as mentors and guides, helping team members to develop their potential and achieve higher performance (Zainal et al., 2019); (DeCenzo et al., 2020). These leaders encourage innovation and creativity, and create an environment that supports collaboration and open communication (Northouse, 2013).

3. METHOD

In this research, the target population comprised all employees of the ESDM Aceh, amounting to a total of 107 individuals. To ensure comprehensive coverage, the study utilized a census approach, encompassing all 107 employees as the sample size (Sarstedt et al., 2017). Primary data was collected directly from the participants through the administration of a structured questionnaire. This questionnaire employed a Likert scale to gauge various responses and attitudes among the employees (Ferdinand, 2014). Following data collection, the responses were meticulously analyzed using Structural Equation Modeling (SEM), facilitated by AMOS software, to derive meaningful insights from the gathered information (Ghozali, 2017). The hypotheses tested in this study are as follows.

H1 : transformational leadership affects the work environment

H2 : transactional leadership affects work environment
H3 : transformational leadership affects employee performance
H4 : transactional leadership affects employee performance
H5 : work environment affects employee performance
H6 : transformational leadership affects employee performance through work environment
H7 : transactional leadership affects employee performance through work environment
H8 : positive psychological capital moderates the work environment effect on employee performance

4. Result

Influence Testing Result

The data processing results are shown in Table 1 below. All significance can be seen from the p value, if $p < 0.05$ then it is significant, if $p > 0.05$ it is not significant. Specifically, table 1 displays the direct effect test results, and the mediation and moderation effects are then tested and the results are obtained on other outputs.

Table 1. Standardized Weight

			Estimate	SE	CR	P
Work Environment	<---	Transformational Leadership	.601	.106	3.682	***
Work Environment	<---	Transactional Leadership	.379	.107	2.747	.014
Employee Performance	<---	Transformational Leadership	.365	.105	2.371	.018
Employee Performance	<---	Transactional Leadership	.431	.109	3.281	.001
Employee Performance	<---	Environment Work	.206	.064	2.136	.049

Transformational Leadership on the Work Environment (H1)

Transformational Leadership is proven to significantly impact the Work Environment, with a statistical significance value of 0.0001, which is well below the conventional threshold of 0.05. By articulating a clear and compelling vision, transformational leaders inspire their team members to engage more actively in their roles. This engagement fosters a collaborative and dynamic atmosphere, where innovation and teamwork flourish. Furthermore, the role of transformational leadership extends to the personal and professional development of individuals within the organization (Wijayanti & Sundiman, 2017). Transformational leaders are known for their unwavering support and mentorship, effectively guiding employees in honing their skills and unlocking their full potential (Yukl & Gardner, 2020); (Northouse, 2013). This nurturing approach not only enhances individual capabilities but also contributes to a more cohesive and productive organizational culture.

Transactional Leadership on Work Environment (H2)

Transactional Leadership is proven to have an influence on the Work Environment. In this approach, leaders tend to focus on achieving goals through clear arrangements and rewards for employees who meet expectations. By setting clear performance standards and rewarding employees who achieve them, transactional leadership can create a structured and organized work atmosphere. This helps improve employee discipline and productivity, as they feel appreciated for their contributions (Kolomboy et al., 2021). However, while transactional leadership can increase efficiency, it also has limitations in creating an innovative and collaborative work environment (Buil et al., 2019). Reliance on rewards and punishments can reduce employee intrinsic motivation and stifle creativity. In the ESDM Aceh, it is important for leaders to balance the transactional approach with elements of transformational leadership, which can encourage active participation and the development of individual potential. Thus, the combination of these two leadership styles can create a more dynamic and productive work environment (Yukl & Gardner, 2020). Transactional leadership has a significant impact on employee performance, especially in contexts that require close supervision, adherence to rules, and a focus on results. Transactional leaders use rewards to motivate employees to achieve set targets. Incentives such as bonuses, promotions, or recognition can drive employee performance (Northouse, 2013). Transactional leadership can improve employee performance in contexts that require compliance and measurable results. However, in the long term, reliance on extrinsic motivation without emotional support and development opportunities can reduce performance. Therefore, this approach should be complemented with elements of transformational leadership to create a balance between short-term results and long-term employee development. The results of research by (Maroli & Safaria, 2023) and (Kurniawan et al., 2023) found that transactional leadership has an effect on employee performance.

Transformational Leadership on Employee Performance (H3)

Transformational leadership is proven to influence employee performance. Leaders who adopt this style articulate a vibrant and inspirational vision, motivating their teams to embrace innovation and take an active role in the organization's success (Buil et al., 2019). By fostering an environment of emotional support, providing constructive feedback, and recognizing individual and team achievements, transformational leaders significantly boost their employees' self-confidence. This supportive atmosphere not only cultivates a sense of belonging but also deepens employees' commitment to their work, driving them to perform at their best (Northouse, 2013).

Transactional Leadership on Employee Performance (H4)

Transactional Leadership is proven to influence Employee Performance significantly. In this approach, leaders set clear goals and provide rewards for employees who succeed in achieving those targets. With a structured reward and sanction system, employees feel more motivated to meet the expectations set (Yukl & Gardner, 2020). This creates a competitive work environment and encourages employees to increase their productivity, so that the overall performance of the organization can improve (Kolomboy et al., 2021). In addition, transactional leadership helps create clear structures and procedures in the ESDM Aceh. With well-defined guidelines,

employees can better understand their roles and responsibilities, which in turn increases work efficiency. Although this approach focuses more on short-term results, its impact on employee performance is still significant, as it provides the clarity and direction needed to achieve organizational goals.

Work environment on Employee Performance (H5)

The work environment is proven to have an influence on Employee Performance. Physical and psychological conditions in the workplace, such as adequate facilities, a conducive atmosphere, and relationships between coworkers, can affect employee motivation and productivity. When employees feel comfortable and supported in their work environment, they tend to be more enthusiastic about completing their tasks well, which in turn can improve the overall performance of the organization. In addition, a positive work environment also contributes to the development of employee skills and abilities (Fachreza et al., 2018). The ESDM Aceh that creates a collaborative atmosphere and supports the exchange of ideas will encourage employees to innovate and contribute more actively. With the support of management and colleagues, employees feel appreciated and motivated to give their best, so that their performance can increase significantly.

Transformational Leadership on Employee Performance through the Work Environment (H6)

The work environment is proven to have a role as a mediating variable between Transformational Leadership and Employee Performance. By building strong and trusting relationships, transformational leaders encourage employees to innovate and collaborate, thus creating a positive and productive work environment (Buil et al., 2019). In addition, the work environment created by transformational leadership contributes to improving overall employee performance (Yukl & Gardner, 2020). When employees feel supported and have access to the necessary resources, they are more likely to achieve their goals. Leaders who are able to inspire and provide clear direction not only increase morale but also help employees overcome challenges (Wijayanti & Sundiman, 2017). Thus, the relationship between transformational leadership, work environment, and employee performance is interrelated and contributes to organizational success.

Transactional Leadership to Employee Performance through Work Environment (H7)

Work environment is proven as a mediating variable between Transactional Leadership and Employee Performance. In this leadership model, leaders set clear goals and provide rewards for employees who succeed in achieving the specified targets (Buil et al., 2019). With a transparent reward system, employees feel more motivated to work hard and meet expectations, thus creating a productive work atmosphere (Prawirosentono, 2014). This organized and directed work environment helps employees to focus on their tasks and improves overall performance. In addition, transactional leadership also contributes to the formation of clear work norms and standards within the organization. When leaders consistently apply rules and provide constructive feedback (Fachreza et al., 2018).

Positive psychological capital on the work environment effect on employee performance (H8)

Positive psychological capital is proven to have a moderating influence on the work environment's effect on employee performance. Employees with high levels of resilience are able to deal with

work pressure, failure, or difficult situations without compromising the quality of their performance. They tend to bounce back after facing challenges. Positive psychological capital helps create emotional balance so that employees can stay focused and productive even when faced with challenging situations. Positive psychological capital has a significant effect on employee performance by increasing motivation, resilience, and the ability to manage stress (Avey et al., 2010)). Employees who have high Positive Psychological Capital tend to be more productive, innovative, and satisfied with their work, which ultimately has a positive impact on the Work Environment as a whole. The results of (Irvayanti & Sopiah, 2022) study found that psychological capital has an effect on employee performance.

5. CONCLUSION

The results demonstrate that both transformational and transactional leadership significantly positively influence the work environment and employee performance. Additionally, the work environment itself has a positive and significant impact on employee performance. It was found that the work environment partially mediates the effects of both transformational and transactional leadership on employee performance. Furthermore, positive psychological capital moderates the relationship between the work environment and employee performance. This evidence supports the premise that improving employee performance relies on enhancing transformational and transactional leadership, increasing the comfort of the work environment, and fostering the psychological capital of employees. However, the limitations of this research include the restricted scope of the variables tested and the specific subjects studied. These findings contribute to the academic field by providing theoretical support and serving as a reference for further research. Practically, the survey results yield several recommendations for future research subjects.

- 1) Enhancement of Transformational Leadership: The ESDM Aceh should prioritize the transformational leadership style among leaders and managers. Leadership training and development that focuses on communication skills, motivation, and the development of a shared vision can help create a more inspiring and empowering work environment for employees. Thus, employees will be more motivated to achieve better performance.
- 2) Strengthening Positive Psychological Capital: It is important for the Department to develop programs that support the strengthening of positive psychological capital among employees. This can be done through training that focuses on developing emotional skills, resilience, and optimism. By increasing positive psychological capital, employees will be better able to face challenges and stress in the workplace, which in turn can improve their performance.
- 3) Policy Evaluation and Adjustment: The Department should periodically evaluate existing policies and managerial practices to ensure that they support effective leadership and a positive work environment. Necessary policy adjustments should be made based on employee feedback and performance evaluation results.
- 4) Improving Internal Communication: Improving internal communication between management and employees is essential to ensure that all parties have the same understanding of the organization's goals and expectations. The agency can use various communication channels, such as regular meetings, newsletters, or digital platforms, to convey information and listen to employee input.

- 5) Facilitate Open Communication: Encourage open and transparent communication between employees and management, so that employees feel more involved and have a voice in decision-making.
- 6) Improving Employee Well-Being: Developing employee well-being programs that cover physical, mental, and emotional aspects to support overall health and well-being.
- 7) Team-Based Performance Evaluation: Adopt a performance evaluation system that assesses not only individual, but also team performance, to encourage collaboration and cooperation among employees.
- 8) Enhance Career Development Opportunities: Provide opportunities for employees to participate in training and career development, so that they can improve their relevant skills and knowledge.

REFERENCES

- Avey, J. B., Luthans, F., Smith, R. M., & Palmer, N. F. (2010). Impact of Positive Psychological Capital on Employee Well-Being Over Time. *Journal of Occupational Health Psychology*, 15(1), 17–28. <https://doi.org/10.1037/a0016998>
- Bakker, A. B., Demerouti, E., & Bakker, A. B. (2008). Towards a model of work engagement. *Career Development International*, 13(3), 209–223. <https://doi.org/10.1108/13620430810870476>
- Buil, I., Martínez, E., & Matute, J. (2019). Transformational leadership and employee performance: The role of identification, engagement and proactive personality. *International Journal of Hospitality Management*, 77, 64–75. <https://doi.org/https://doi.org/10.1016/j.ijhm.2018.06.014>
- DeCenzo, D. A., Robbins, S. P., & Verhulst, S. L. (2020). *Fundamentals of Human Resource Management* (12th ed.). Wiley.
- Fachreza, Musnadi, S., & Shabri, M. (2018). Pengaruh motivasi kerja, lingkungan kerja, dan budaya organisasi terhadap kinerja karyawan dan dampaknya pada kinerja bank aceh syariah di kota banda aceh. *Jurnal Magister Manajemen*, 2(1), 115–122.
- Ferdinand, A. (2014). Structural Equation Modeling dalam Penelitian Manajemen; Aplikasi Model-model Rumit Dalam Penelitian untuk Skripsi, Tesis dan Disertasi. Penerbit Universitas Diponegoro. Semarang.
- Ghozali, I. (2017). *Model Persamaan Struktural, Konsep dan Aplikasi dengan Program AMOS 24 Update Bayesian SEM* (Edisi 7). Badan Penerbit Universitas Diponegoro.
- Irvayanti, M. T., & Sopiah. (2022). The effect of a psychological capital on employee performance through quality of work life. *Journal of Management Economics and Industrial Organization*, 6(3), 16–32. <https://doi.org/10.31039/jomeino.2022.6.3.2>
- Kartono. (2017). *Personality, Employee Engagement, Emotional Intelligence, Job Burnout Pendekatan dalam Melihat Turnover Intention*. Deepublish.
- Kolomboy, F., Palutturi, S., Rifai, F., Saleh, L. M., Nasrul, & Amiruddin, R. (2021). Leadership style based on the study of multifactor leadership questionnaire in Palu Anutapura hospital. *Gaceta Sanitaria*, 35(2), 432–434. <https://doi.org/https://doi.org/10.1016/j.gaceta.2021.10.069>
- Kurniawan, R., Rumijati, A., & Roz, K. (2023). The Influence of Transformational and

-
- Transactional Leadership on Employee Performance Moderated by Social Support. *Jurnal Manajemen Bisnis Dan Kewirausahaan*, 3(4), 319–327. <https://doi.org/10.22219/jamanika.v3i03.29330>
- Maroli, Y., & Safaria, S. (2023). The Influence of Transactional and Transformational Leadership Styles on Employee Performance Through Job Satisfaction PT. PNM Pematang Siantar. *Formosa Journal of Sustainable Research*, 2(8), 2083–2098. <https://doi.org/https://doi.org/10.55927/fjsr.v2i8.5360>
- Northouse, P. G. (2013). *Leadership: Theory and Practice* (6th ed.). Sage Publications, Inc.
- Prawirosentono, S. (2014). *Manajemen sumberdaya manusia kebijakan kinerja karyawan : kiat membangun organisasi kompetitif era perdagangan bebas dunia* (2nd ed.). BPFE.
- Sarstedt, M., Ringle, C. M., & Hair, J. F. (2017). Partial Least Square Structural Equation Modeling. In C. Homburg, M. Klarmann, & A. Vomberg (Eds.), *Handbook of Market Research* (p. 40). Springer. https://doi.org/10.1007/978-3-319-05542-8_15-1
- Sedarmayanti. (2016). *Manajemen sumber daya manusia reformasi birokrasi dan manajemen pegawai negeri sipil* (5th ed.). Repika Aditama.
- Sihotang, J. S. (2020). Pengaruh Motivasi Dan Lingkungan Kerja Terhadap Kinerja Pegawai Di Kppn Bandar Lampung. *Journal of Management Review*, 4(3), 5356–5542.
- Susanto, N. (2019). Pengaruh Motivasi Kerja, Kepuasan dan Disiplin Kerja Terhadap Kinerja Pegawai pada Divisi Penjualan PT. Rembaka. *Agora*, 7(1), 1–6.
- Vallennia, K., Atikah, A., & Azijah, F. N. (2020). Pengaruh Disiplin Kerja Terhadap Kinerja Karyawan (Studi Kasus PT.Sinar Sosro Rancaekek). *Jurnal Equilibrium Manajemen*, 6(2), 39–49.
- Vuong, T. D. N., & Nguyen, L. T. (2022). The Key Strategies for Measuring Employee Performance in Companies: A Systematic Review. *Sustainability*, 14(21), 14017. <https://doi.org/https://doi.org/10.3390/su142114017>
- Wijayanti, D. P., & Sundiman, D. (2017). Pengaruh Knowledge Management Terhadap Kinerja Karyawan: Studi Empiris Pada PT. SMS Kabupaten Kotawaringin Timur. *DeReMa Jurnal Manajemen*, 12(1), 69–85. <https://doi.org/10.19166/derema.v12i1.243>
- Yukl, G., & Gardner, W. L. (2020). *Leadership in Organizations* (9th ed.). Pearson Education, Inc.
- Zainal, V. R., Hadad, M. D., & Ramly, M. (2019). *Kepemimpinan dan Perilaku Organisasi* (4 Ed). Raja Grafindo Persada.
- Zubair, Yunus, M., & Chan, S. (2015). Pengaruh Budaya Organisasi, Kompensasi dan Komitmen Organisasional Terhadap Kinerja karyawan Kantor Pusat Operasional PT Bank Aceh. *Jurnal Manajemen*, 4, 29–38.