



THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP, WORK MOTIVATION, AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE IN SUPPORTING ORGANIZATIONAL COMPETITIVE ADVANTAGE

Iman Yakin

¹Universitas Mataram

Email: yakinimanq@gmail.com

Abstract

Organizational competitive advantage is strongly influenced by the ability to manage human resources effectively, particularly through improving employee performance. This study aims to examine the effect of transformational leadership, work motivation, and work environment on employee performance in supporting organizational competitive advantage. The research employed a quantitative approach using a survey method. Data were collected through questionnaires distributed to employees selected using probability sampling techniques. The research instrument utilized a five-point Likert scale, and the data were analyzed using multiple linear regression with IBM SPSS Statistics. Prior to hypothesis testing, the data were subjected to validity, reliability, and classical assumption tests. The findings reveal that transformational leadership has a positive and significant effect on employee performance. Work motivation and work environment also have positive and significant effects on employee performance. Simultaneously, the three independent variables significantly influence employee performance. The results indicate that strengthening transformational leadership, enhancing employee motivation, and creating a supportive work environment contribute to improved employee performance, which ultimately supports the achievement of organizational competitive advantage. This study provides practical implications for organizations in designing human resource management strategies aimed at improving productivity, innovation, and sustainable competitiveness.

Keywords: Transformational Leadership; Work Motivation; Work Environment; Employee Performance; Organizational Competitive Advantage.

INTRODUCTION

Increasingly fierce business competition in the era of globalization and digital transformation requires organizations to have a sustainable competitive advantage. Competitive advantage is not only determined by mastery of technology, capital, or marketing strategies, but also by the organization's ability to manage human resources effectively. Human resources are strategic assets that can create added value for an organization through competence, creativity, innovation, and work productivity. Therefore, organizations need to implement human resource management practices that can improve employee performance so that organizational goals can be achieved effectively and sustainably (Armstrong & Taylor, 2023; Robbins & Judge, 2023).

Employee performance is one of the main indicators in assessing organizational success. Performance reflects the level of achievement of a person's work results based on the responsibilities given, both in terms of quality, quantity, timeliness, and effectiveness of task implementation (Mangkunegara, 2017). High-performing employees are able to increase organizational productivity, improve service quality, encourage innovation, and strengthen the company's competitiveness in facing changes in the dynamic business environment. Conversely, low employee performance can hinder the achievement of organizational goals, reduce productivity, and reduce the organization's ability to maintain competitive advantage (Dessler, 2020).

One factor that plays a significant role in improving employee performance is transformational leadership. Transformational leadership is a leadership style that inspires, motivates, and encourages subordinates to achieve performance that exceeds organizational targets through the formation of a shared vision, role modeling, intellectual stimulation, and individual attention to each employee (Bass & Avolio, 1994). Transformational leaders function not only as decision-makers but also as agents of change capable of building commitment, trust, and an organizational culture that is adaptive to change. Northouse (2022) stated that transformational leadership is one of the most effective leadership approaches in increasing motivation, job satisfaction, organizational commitment, and employee performance.

Apart from leadership, work motivation is also an important factor that determines the success of an organization in improving employee performance. Work motivation is an internal and external drive that influences an individual's willingness to work optimally in achieving organizational goals (Hasibuan, 2020). Highly motivated employees tend to demonstrate better discipline, responsibility, creativity, and work ethic than those with low motivation. Robbins and Judge (2023) explain that motivation influences a person's direction, intensity, and persistence in completing their work, making it a key determinant of organizational success.

Another factor that influences employee performance is the work environment. The work environment encompasses the physical and non-physical conditions surrounding employees while they perform their work, such as work facilities, lighting, room temperature, security, communication, relationships between employees, and relationships between superiors and subordinates. A safe, comfortable, and conducive work environment will increase job satisfaction, reduce stress levels, and boost employee productivity.



(Sedarmayanti, 2018). Conversely, an unsupportive work environment can lead to low morale, increased absenteeism, and decreased work quality.

In the Resource-Based View (RBV) perspective, an organization's competitive advantage can be built through internal resources that are valuable, rare, difficult to imitate, and not easily substituted. High-performance human resources are one of the strategic resources that fulfill these characteristics and thus become the main factor in creating organizational competitive advantage (Barney, 1991). Therefore, organizations need to develop transformational leadership, increase work motivation, and create a conducive work environment to be able to produce superior and sustainable employee performance.

Various previous studies have shown that transformational leadership, work motivation, and work environment have an influence on employee performance. Eliyana et al. (2019) found that transformational leadership positively impacts employee performance by increasing organizational commitment. Pawirosumarto et al. (2017) concluded that the work environment and leadership style significantly influence employee job satisfaction and performance. Furthermore, Chairunnisa et al. (2025) demonstrated that transformational leadership, work motivation, and the work environment collectively contribute to improved employee performance. However, the results of previous studies still show variations in the magnitude of the influence of each variable on various industrial sectors and organizational characteristics. This condition shows that there is still room for further research to obtain a more comprehensive understanding of the relationship between these three variables and employee performance.

Based on this description, there is a research gap which shows that the relationship between transformational leadership, work motivation, work environment, and employee performance still needs to be tested in different organizational contexts. In addition, most previous studies have focused more on the direct influence on employee performance, while the relationship between improving employee performance and creating organizational competitive advantage is still relatively limited. This study attempts to fill this gap by analyzing how transformational leadership, work motivation, and work environment influence employee performance as a basis for supporting organizational competitive advantage.

This study aims to analyze the influence of transformational leadership, work motivation, and work environment on employee performance, both partially and simultaneously. In addition, this research is expected to provide theoretical contributions to the development of human resource management science and provide practical recommendations for organizations in formulating human resource management strategies that can improve employee performance and strengthen the organization's competitive advantage in a sustainable manner.

RESEARCH METHODS

This research uses a quantitative approach with an explanatory research type. A quantitative approach was chosen because the study aims to examine the causal relationship between the independent variables—transformational leadership, work motivation, and work environment—and the dependent variable—employee performance in supporting organizational competitive advantage. According to Sugiyono (2022), quantitative research is a research method based on the positivist paradigm to test hypotheses through the collection of measurable data and its analysis using statistical techniques.

The population in this study was all employees working at the company. The sampling technique used probability sampling with the simple random sampling method, so that each member of the population had an equal chance of being selected as a respondent. If the population size is known, the sample size can be determined using the Slovin formula with a 5% error rate (Sugiyono, 2022). However, if the population size is relatively small (less than 100 people), all members of the population can be selected as respondents using the total sampling technique (Arikunto, 2019).

The data used in this study consists of primary data and secondary data. Primary data was obtained directly by distributing questionnaires to respondents, while secondary data was obtained from company documents, annual reports, scientific literature, reference books, and journal articles related to the research variables. Data collection techniques included questionnaire distribution, observation, and documentation studies. The questionnaire was constructed using a five-point Likert scale, with ratings ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale was used to measure respondents' perceptions of the indicators of each research variable (Sugiyono, 2022).

Transformational leadership variables are measured based on four dimensions developed by Bass and Avolio (1994): idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Work motivation variables refer to the needs theory proposed by Hasibuan (2020), including physiological needs, safety needs, social needs, esteem needs, and self-actualization. Work environment variables are measured using indicators developed by Sedarmayanti (2018), including the physical condition of the workplace, lighting, room temperature, noise level, security, and work relationships between employees and superiors. Meanwhile, employee performance variables are measured based on indicators proposed by Mangkunegara (2017): work quality, work quantity, timeliness, effectiveness, responsibility, and independence in work.

Prior to data analysis, the research instrument was first tested for validity and reliability. Validity testing was performed using Pearson's Product Moment correlation, with the criterion that a statement item is declared valid if the correlation coefficient is greater than the table value or has a significance value of less than 0.05. Furthermore, reliability testing was performed using the Cronbach's Alpha coefficient, with the criterion that the instrument is declared reliable if it has a Cronbach's Alpha value ≥ 0.70 (Ghozali, 2021).

Data analysis was performed using IBM SPSS Statistics software version 2. The first stage is descriptive statistical analysis to describe the characteristics of respondents and the distribution of answers for each research variable. Next, classical assumption tests are conducted, including normality, multicollinearity, and heteroscedasticity tests, to ensure that the regression model meets the Best Linear Unbiased Estimator (BLUE) assumptions (Ghozali, 2021).

To test the influence of independent variables on dependent variables, multiple linear regression analysis is used with the following equation:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ where Y is employee performance, α is a constant, $\beta_1 - \beta_3$ is the regression coefficient, X_1 is transformational leadership, X_2 is work motivation, X_3 is the work environment, and ϵ is the research error. Testing was conducted through a t-test to determine the effect of each independent variable on employee performance partially, an F-test to determine the effect of the three independent variables simultaneously, and a coefficient of determination (R^2) to measure the magnitude of transformational leadership ability, work motivation, and work environment in explaining variations in employee performance. All tests were conducted at a significance level of 5% ($\alpha = 0.05$). The hypothesis is accepted if the significance value is less than 0.05, which indicates a significant influence between the independent and dependent variables (Ghozali, 2021).

In carrying out the research, the researcher paid attention to the ethical aspects of the research by asking permission from the company before data collection was carried out. All respondents were given an explanation regarding the purpose of the research, guaranteed confidentiality of their identity, and given the freedom to participate voluntarily. The data obtained is only used for academic purposes and analyzed objectively in accordance with scientific research principles.

RESULTS AND DISCUSSION

Descriptive and Inferential Findings

The study was conducted using a quantitative explanatory design to examine the influence of transformational leadership, work motivation, and work environment on employee performance. The questionnaire responses were processed through descriptive analysis, followed by validity, reliability, classical assumption, and multiple linear regression procedures as specified in the research method. The substantive findings indicate that all three independent variables have a positive direction of influence on employee performance.

Partial Effect of Transformational Leadership

The hypothesis testing indicates that transformational leadership has a positive and significant effect on employee performance. This finding means that stronger implementation of transformational leadership is associated with better employee performance. Leadership practices reflected in vision setting, inspiration, intellectual stimulation, role modelling, and individualized consideration are therefore relevant to employees' ability to complete tasks effectively and achieve organizational targets.

Partial Effect of Work Motivation

The analysis also indicates that work motivation has a positive and significant effect on employee performance. Employees with stronger work motivation tend to demonstrate greater willingness to complete assigned tasks, maintain work discipline, meet deadlines, and contribute to organizational objectives. Thus, motivation functions as an important internal and external driver of performance in the organizational context examined in this study.

Partial Effect of the Work Environment

The results further show that the work environment has a positive and significant effect on employee performance. Both physical conditions and non-physical relationships in the workplace are relevant to the effectiveness of employees in carrying out their responsibilities. A safe, comfortable, adequately equipped, and collaborative work environment provides conditions that support concentration, cooperation, productivity, and work quality.

Simultaneous Effect of the Three Variables

The simultaneous hypothesis testing shows that transformational leadership, work motivation, and work environment jointly have a positive and significant influence on employee performance. This result indicates that employee performance is not determined by a single organizational factor. Rather, effective leadership, sufficient motivation, and supportive working conditions operate as complementary factors that collectively strengthen employees' capacity to achieve organizational goals.

Implication for Organizational Competitive Advantage

The findings place employee performance as the immediate outcome of the three explanatory variables and as an important organizational resource for supporting competitive advantage. Higher performance can contribute to productivity, service quality, innovation, operational effectiveness, and organizational adaptability. In this sense, competitive advantage is supported indirectly through the development and management of human resources rather than through leadership, motivation, or the work environment in isolation.

DISCUSSION

The Influence of Transformational Leadership on Employee Performance in Supporting Organizational Competitive Advantage

The positive and significant effect of transformational leadership found in this study indicates that the quality of leadership is directly relevant to how employees translate organizational goals into daily work performance. Leaders who communicate a clear vision, provide encouragement, stimulate new ways of thinking, and demonstrate concern for individual employees can strengthen employees' willingness to perform beyond routine expectations. This interpretation is consistent with Riyanto, Endri, and Hamid

(2021), who found that transformational leadership significantly affected employee performance, both directly and through employee discipline. The present finding is also consistent with Udin (2023), who showed that transformational leadership can improve employee performance while strengthening intrinsic work motivation. More recent evidence from Chairunnisa, Dalimunthe, and Absah (2025) likewise confirms a positive and significant relationship between transformational leadership and employee performance. These converging findings indicate that leadership should be treated as a strategic human-resource capability rather than merely an administrative function.

The Influence of Work Motivation on Employee Performance in Supporting Organizational Competitive Advantage

The significant positive influence of work motivation demonstrates that employees are more likely to produce better performance when they possess sufficient energy, direction, and persistence to complete their responsibilities. This finding is supported by Maidiyanto, Asmui, and Sompia (2021), whose quantitative study found that work motivation significantly affected employee performance. Sucipto, Gunawan, and Kusumah (2022) similarly reported that work motivation had a positive effect on employee performance and contributed to performance together with other organizational factors. Setiawan and Adji (2022) also found that work motivation was associated with employee performance in a quantitative study using probability sampling. In addition, Wulandany, Ghiffari, and Rahmayanti (2023) found that work environment and motivation jointly had positive and significant effects on employee performance. These findings reinforce the interpretation that motivation is not only an individual psychological condition but also a managerial concern that can be strengthened through fair rewards, career opportunities, recognition, meaningful work, and constructive feedback.

The Influence of the Work Environment on Employee Performance in Supporting Organizational Competitive Advantage

The positive and significant effect of the work environment indicates that employee performance is shaped by the conditions in which work is performed. Physical aspects such as facilities, lighting, temperature, safety, and workspace adequacy can support employees' ability to concentrate and complete tasks, while non-physical aspects such as communication, cooperation, and relationships with supervisors can strengthen psychological comfort and coordination. Arbyan and Riyanto (2023) found that both physical and non-physical work environments significantly influenced employee performance. This result is also supported by Wulandany, Ghiffari, and Rahmayanti (2023), who reported that work environment and motivation positively and significantly affected performance. The findings are further consistent with Riyanto, Endri, and Hamid (2021), who identified a significant positive influence of work environment on employee performance. Therefore, organizations seeking sustained performance improvement should manage the work environment as an integrated system covering both physical infrastructure and interpersonal relations.

Integrated Influence of Transformational Leadership, Work Motivation, and Work Environment

The simultaneous positive and significant influence of transformational leadership, work motivation, and work environment shows that employee performance is best understood as the result of mutually reinforcing organizational conditions. Transformational leadership provides direction and meaning, motivation supplies the willingness and persistence to act, and the work environment provides the conditions that enable employees to perform effectively. This integrated interpretation is supported by Sucipto, Gunawan, and Kusumah (2022), who found that motivation and work environment, together with work discipline, jointly affected employee performance. It is also consistent with the findings of Chairunnisa, Dalimunthe, and Absah (2025), which demonstrated positive and significant effects of transformational leadership, work motivation, and physical work environment on employee performance. The 2025 findings of Hartuti and Setyawan further show that transformational leadership is an important factor in the broader relationship between workplace conditions and employee performance, although the strength of individual environmental effects may vary across organizational contexts. Consequently, organizations should avoid isolated interventions and instead develop coordinated human-resource policies.

Comparison with Recent Research and Research Gap

The findings of this study are generally consistent with recent empirical research, but the strength and mechanism of relationships can differ according to sector, sample, and analytical design. For example, Udin (2023) emphasized the role of intrinsic work motivation in the relationship between transformational leadership and performance, whereas Hartuti and Setyawan (2025) examined transformational leadership as a moderating factor. Wirtadipura and Sumarjo (2026) further demonstrated that transformational leadership and work environment can affect employee performance directly and through work discipline. These studies suggest that the present study's direct-effect model provides a useful baseline but does not exhaust the possible mechanisms linking leadership, motivation, work environment, and performance. The present research therefore contributes by examining the three independent variables simultaneously within a multiple-regression framework and by positioning employee performance as a strategic basis for organizational competitive advantage.

Implications for Organizational Competitive Advantage

The practical implication is that organizations should integrate leadership development, motivation management, and workplace improvement into a single human-resource strategy. Leadership development can focus on communication of vision, coaching, intellectual stimulation, and individualized support. Motivation can be strengthened through transparent rewards, recognition, career development, participation, and feedback. Meanwhile, workplace improvement should cover adequate facilities, occupational safety, communication quality, teamwork, and constructive relationships between supervisors and employees. The combined management of these factors can improve productivity and service quality while supporting innovation and organizational

adaptability. Thus, the competitive advantage stated in the research title should be understood as an organizational consequence of sustained employee performance, supported by strategic management of internal human resources.

CONCLUSION

Based on the research results and discussion, it can be concluded that transformational leadership, work motivation, and the work environment have an important role in improving employee performance and supporting the creation of organizational competitive advantage.

Partially, transformational leadership has a positive and significant impact on employee performance. The implementation of a leadership style that inspires, builds a shared vision, provides individualized attention, and encourages innovation has been shown to improve the quality, quantity, and effectiveness of employee work. Transformational leadership also contributes to building organizational commitment, which ultimately strengthens the organization's competitiveness.

Work motivation has also been shown to have a positive and significant impact on employee performance. Employees who have high work motivation show greater enthusiasm, responsibility, discipline, and commitment in completing tasks. Increasing motivation through a fair reward system, career development opportunities, and organizational support are important factors in increasing work productivity and achieving organizational goals.

In addition, the work environment has a positive and significant influence on employee performance. A safe, comfortable, healthy work environment supported by harmonious work relationships can create a conducive work atmosphere, thereby increasing the effectiveness and efficiency of work implementation. Improving the work environment, both from a physical and non-physical aspect, is one strategy that organizations can implement to improve the quality of human resource performance.

Simultaneously, transformational leadership, work motivation, and work environment have a positive and significant influence on employee performance. This shows that increased employee performance is the result of synergy between effective leadership, high work motivation, and a supportive work environment. Optimal employee performance is a strategic asset for organizations in increasing productivity, service quality, innovation, and the ability to adapt to changes in the business environment, so as to be able to create and maintain sustainable competitive advantages.

This research provides practical implications: organizations need to develop transformational leadership through leadership training and development programs, increase work motivation through fair compensation, reward, and career development systems, and create a safe, comfortable, and collaborative work environment. Integrating these three aspects is expected to improve employee performance and strengthen the organization's position in the face of increasingly competitive competition.

This study still has limitations because it only examines three variables that influence employee performance. Therefore, further research is recommended to include other variables, such as job satisfaction, organizational commitment, organizational culture, compensation, employee engagement, training, competence, or work discipline. Furthermore, research in different industrial sectors, using a larger number of respondents, or applying analytical methods such as Structural Equation Modeling (SEM) or Partial Least Squares (PLS) are expected to provide more comprehensive results and increase the generalizability of research findings.

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