# Shaping Employee Performance: The Mediating Effect of Work Motivation in Situational Leadership

**Harry Simbara[1]\*, Kiki Farida Ferine[2], Muhammad Isa Indrawan[3]**

Universitas Pembangunan Panca Budi, Indonesia

**\*Correspondence:** harry.simbara@pln.co.id

**Abstract**

This study examines the impact of situational leadership style on employee performance, with work motivation serving as a mediating variable. The research was conducted at [institution name] with a sample of 60 respondents. A quantitative approach was employed, and data were analyzed using SmartPLS 3. The findings reveal that while situational leadership style does not directly influence employee performance, it positively and significantly affects work motivation. Additionally, work motivation is found to significantly enhance employee performance. The study further indicates that work motivation fully mediates the relationship between situational leadership style and employee performance. These results highlight the critical role of leadership style in fostering employee motivation, which in turn drives performance improvements. Based on these findings, organizations are encouraged to implement adaptive leadership approaches that prioritize boosting employee motivation to achieve optimal performance outcomes.

**Keywords:** Situational Leadership Style, Work Motivation, Employee Performance, Mediation.

## INTRODUCTION

In PT PLN (Persero) UP3 Bukit Barisan, leadership effectiveness is a crucial factor in improving employee motivation and performance. Based on internal company reports, fluctuating employee performance indicates the need for a more flexible and adaptive leadership approach. Situational leadership, as explained by Hersey and Blanchard (2015), emphasizes that leaders must adjust their leadership style based on the level of readiness and maturity of their subordinates. According to Ferine (2020), motivation has a significant partial effect on performance. Therefore, this study is important to explore how situational leadership affects employee performance, both directly and through work motivation as an intervening variable. The contribution of this study is to provide insight for companies in designing more effective leadership strategies. In addition, this study also provides implications for academics and practitioners in understanding the dynamics of the relationship between leadership, motivation, and employee performance in the context of a public service company such as PT PLN (Persero).

## Formulation of the problem

1. WhetherDoes Situational Leadership Style Have a Positive and Significant Influence on Employee Performance at UP3 Bukit Barisan?
2. WhetherDoes Situational Leadership Style Have a Positive and Significant Influence on Work Motivation at UP3 Bukit Barisan?
3. WhetherDoes Work Motivation Have a Positive and Significant Influence on Employee Performance at UP3 Bukit Barisan?

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4. WhetherDoes Situational Leadership Style Have a Positive and Significant Influence on Employee Performance through Work Motivation at UP3 Bukit Barisan?

**Research purposes**
1. To test and analyze the effectThe Effect of Situational Leadership Style on Employee Performance at UP3 Bukit Barisan
2. To test and analyze the effectSituational Leadership Style on Work Motivation at UP3 Bukit Barisan
3. To test and analyze the effectThe Impact of Work Motivation on Employee Performance at UP3 Bukit Barisan
4. To test and analyze the effectSituational Leadership Style on Employee Performance through Work Motivation at UP3 Bukit Barisan

**LITERATURE REVIEW**
**Employee performance**
According to Robbins & Judge (2017), individuals with higher job satisfaction perform better, and organizations with more satisfied employees tend to be more effective than organizations with fewer employees. For most people, work is an integral part of life, and many people derive meaning from the roles they play. Therefore, it makes sense that our overall happiness depends to a large extent on our happiness in our work (our job satisfaction).

**Performance Indicators**
According to  Robbins & Judge (2017):
a.  Quality (quality of work)
b.  Quantity (amount of work completed)
c.  Punctuality (task completion time).
d.  Effectiveness of resource use.
e.  Independence (ability to work without supervision).
f.  Committed (dedicated to work).

**Situational Leadership Style**
According to Hersey & Blanchard (2015), situational leadership style is the leader's ability to adjust their style (directive, consultative, participative, delegative) based on employee readiness. Situational leadership style has a direct impact on employee work motivation and performance.

**Situational Leadership Style Indicators**
According to Hersey & Blanchard, (2015)
1.  Telling (Directing)
2.  Selling (Peddling)
3.  Participating (Involving)

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4. Delegating

**Work motivation**

According to Wibowo (2017) stated that factors in competence by providing encouragement, appreciation for the work of subordinates, providing recognition and individual attention from superiors can have a positive influence on a subordinate's motivation.

**Work Motivation Indicators**
According to Wibowo (2017) work motivation indicators are:
a. Goal
b. Drive/Desire
c. Intensity and Persistence
d. Arousing (Activating) Elements
e. Elements of Directing

**Conceptual Framework**
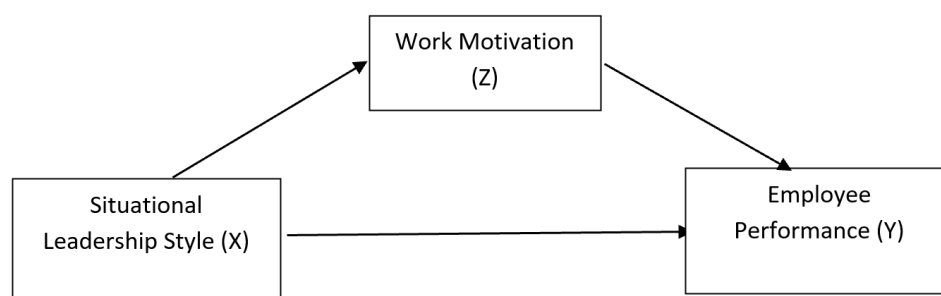The conceptual framework in this research is as follows:



**Figure 1. Conceptual Framework**

**Hypothesis**
H$_1$**:** Situational Leadership Style has a positive and significant influence on employee performance at UP3 Bukit Barisan.
H$_2$**:** Situational Leadership Style has a positive and significant influence on work motivation at UP3 Bukit Barisan.
H$_3$**:** Work motivation has a positive and significant effect on employee performance at UP3 Bukit Barisan.
H$_4$**:** Situational Leadership Style has a positive and significant influence on Employee performance through work motivation at UP3 Bukit Barisan.

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## METHOD

### Research Approach

This study uses a quantitative approach with an explanatory research approach. This approach is used to explain the causal relationship between the variables of situational leadership style, work motivation, and employee performance at PT PLN (Persero) UP3 Bukit Barisan.

### Types of research

According to Sugiyono (2018), quantitative data is a research method based on positivity (concrete data), research data in the form of numbers that will be measured using statistics as a calculation test tool, related to the problem being researched to produce a conclusion.

### Time and Location of Research

This research was conducted in May 2025 for 3 months at PLN UP3 Bukit Barisan Jalan Gundaling No. 1000, Berastagi, Karo Regency.

### Data source

According to Sugiyono (2018), primary data sources are data sources that directly provide data to data collectors or researchers.

a. Primary Data: Collected through a questionnaire distributed to employees of PT PLN (Persero) UID North Sumatra.

b. Secondary Data: Derived from company reports, academic literature, and previous research.

### Population and Research Sample

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are applied by researchers to be studied and drawn conclusions (Sugiyono, 2016). The population used in this study was all employees at PLN UP3 Bukit Barisan, totaling 60 employees of PT PLN (Persero) Bukit Barisan.

### Sample

According to Sugiyono (2016), a research sample is a portion of the number and characteristics of a population. The sample in this study was 60 employees of PLN UP3 Bukit Barisan (saturated sample).

### Data Analysis Model

The analytical model used in this study is path analysis, a statistical technique used to examine direct and indirect relationships between variables. In this study, path analysis was used to analyze the relationship between job stress, competence, employee performance, and work motivation.

The model used in this study can be described as follows:

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**Path Analysis Model**

1. Direct Effect:

   A direct effect is an effect that occurs directly from one variable to another without going through other variables. It shows the direct effect of work stress (X1) on employee performance (Y), or the direct effect of competence (X2) on employee performance (Y).

2. Indirect Effect:

   Indirect influence is an influence that occurs through the moderating variable. It shows the indirect influence of work stress (X1) on employee performance (Y) through work motivation (Z).

3. Total Effect:

   The total effect is the sum of the direct and indirect effects between two variables. It shows the total effect of work stress (X1) on employee performance (Y), which is calculated from the direct and indirect effects.involving work motivation (Z).

**RESULTS AND DISCUSSION**

**Outer Model Analysis**

The details of the relationship between latent and manifest variables can be determined using measurement model testing, also known as external model testing. This test has reliability, discriminant validity, and convergent validity.

*Convergent Validity*

The loading factor shows this test, the limit value. Average Variance Extracted and the limit value is 0.7. (AVE) is set at 0.5; values above this indicate validity. This shows that if the indicator value > 0.7 is able to explain the construct variable, then the indicator value is considered valid. The structural model of the study is depicted in the following figure:
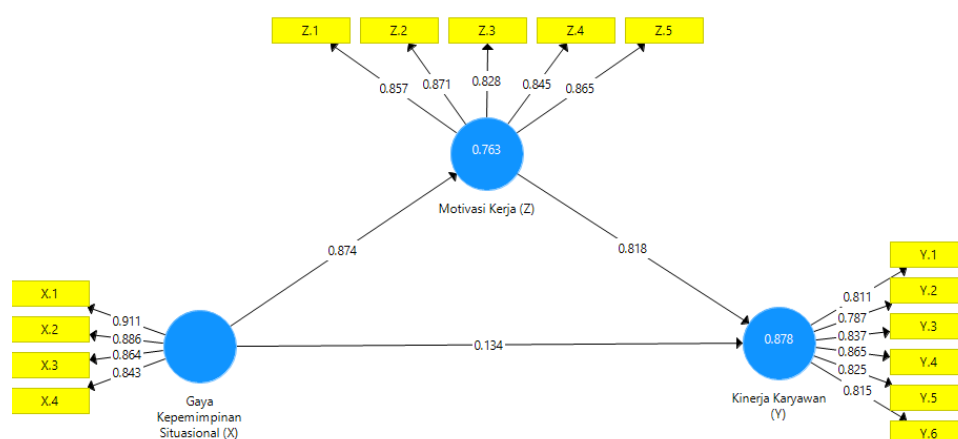


**Figure 2. Outer Model**

Smart PLS output for loading factor gives the results in the following table: Outer Loadings In this study there is an equation and the equation consists of two substructures for substructure 1

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$Z = b1X + e1$
$Z = 0.874 + e1$
For substructure 2
$Y = b2X1 + b3Z + e2$
$Y = 0.818 + 0.134 + e2$

## Table 1. Outer Loadings/Cross Loading

|  | Situational Leadership Style (X) | Employee Performance (Y) | Work Motivation (Z) |
|---|---|---|---|
| X.1 | 0.911 | | |
| X.2 | 0.886 | | |
| X.3 | 0.864 | | |
| X.4 | 0.843 | | |
| Y.1 | | 0.811 | |
| Y.2 | | 0.787 | |
| Y.3 | | 0.837 | |
| Y.4 | | 0.865 | |
| Y.5 | | 0.825 | |
| Y.6 | | 0.815 | |
| Z.1 | | | 0.857 |
| Z.2 | | | 0.871 |
| Z.3 | | | 0.828 |
| Z.4 | | | 0.845 |
| Z.5 | | | 0.865 |

All indicators in the Situational Leadership Style variable have outer loading values above 0.70. This indicates that the four indicators are valid and closely reflect the construct of the Situational Leadership Style variable. All employee performance indicators have outer loading values between 0.787 and 0.865. This means all indicators are valid in measuring the Employee Performance variable and can be used in the model. The five work motivation indicators show strong and valid outer loadings (above 0.70), so it can be concluded that these indicators accurately reflect Work Motivation. □ All indicators of the three variables have outer loadings > 0.70, indicating convergent validity. No indicators need to be eliminated from the model because all show strong contributions to the variables they measure.

### Discriminant Validity

To ensure that the results of the indicators correlate strongly with their constructs, more research will use discriminatory validity to determine data validity. Specifically, the goal is

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to determine whether the cross-loading value is greater than that of other latent variables. The cross-loading findings from the validity test are shown in the following table:

**Table 2. Discriminant Validity**

|  | Situational Leadership Style (X) | Employee Performance (Y) | Work Motivation (Z) |
|---|---|---|---|
| **X.1** | 0.911 | 0.745 | 0.826 |
| **X.2** | 0.886 | 0.690 | 0.716 |
| **X.3** | 0.864 | 0.733 | 0.774 |
| **X.4** | 0.843 | 0.800 | 0.740 |
| **Y.1** | 0.699 | 0.811 | 0.677 |
| **Y.2** | 0.706 | 0.787 | 0.743 |
| **Y.3** | 0.666 | 0.837 | 0.835 |
| **Y.4** | 0.767 | 0.865 | 0.850 |
| **Y.5** | 0.691 | 0.825 | 0.808 |
| **Y.6** | 0.659 | 0.815 | 0.680 |
| **Z.1** | 0.821 | 0.778 | 0.857 |
| **Z.2** | 0.827 | 0.783 | 0.871 |
| **Z.3** | 0.640 | 0.788 | 0.828 |
| **Z.4** | 0.733 | 0.868 | 0.845 |
| **Z.5** | 0.691 | 0.769 | 0.865 |

It can be seen in Table 2 that each loading factor indicator in each variable has a greater result than the cross loading factor variable indicator with each other so that in this study, valid results are obtained in a discriminant manner and will continue to the next stage in this study.

*Composite reliability*

Each variable in a composite reliability study is compared for its reliability value; if the variable's value is higher than 0.60, the study is considered reliable; if it is between 0.60 and 0.7, it is not. The table below shows the various blocks used to assess the validity and reliability of the study, including the AVE value, composite reliability, and Coranbach's alpha value:

**Table 3. Construct Reliability and Validity**

|  | Cronbach's Alpha | Composite Reliability | Average Variance Extracted (AVE) |
|---|---|---|---|
| **Situational Leadership Style (X)** | **0.899** | **0.930** | **0.768** |

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| | | | |
|---|---|---|---|
| **Employee Performance (Y)** | **0.905** | **0.927** | **0.678** |
| **Work Motivation (Z)** | **0.907** | **0.931** | **0.728** |

The Situational Leadership Style construct has excellent reliability and convergent validity. All indicators are able to consistently and accurately represent variable X. The Employee Performance construct also has very strong internal consistency and an AVE above the threshold of 0.5, indicating that this construct is reliable and valid. The Work Motivation construct has high internal reliability and convergent validity, indicating that all indicators reflect construct Z very well. All constructs meet the requirements of reliability and convergent validity, because Cronbach's Alpha > 0.7, Composite Reliability > 0.7, AVE > 0.5.

**Inner Model Analysis**

To ensure the developed fundamental model is reliable and accurate, the structural model, or deep model, is evaluated. A number of markers, including the following, indicate the stages of scrutiny performed during the primary model assessment:

**Coefficient of Determination (R2)**

Based on the data processing that has been carried out using the SmartPLS 3.0 program, the R Square value is obtained as follows:

**Table 4. R Square Results**

| | R Square | Adjusted R Square |
|---|---|---|
| **Employee Performance (Y)** | 0.878 | 0.874 |
| **Work Motivation (Z)** | 0.763 | 0.759 |

87.8% of the variation in Employee Performance can be explained by the combination of Situational Leadership Style (X) and Work Motivation (Z) variables. Only 12.2% is explained by factors outside the model. This is a very high value, indicating that the model has very strong predictive power for employee performance. 76.3% of the variation in work motivation can be explained by situational leadership style (X). The remaining 23.7% is explained by other variables outside the model. This is also an excellent value, indicating that variable X significantly predicts work motivation.

**Hypothesis Testing**

As suggested by this review, the next step is to evaluate the relationship between idle builds after evaluating the deep model. To conduct speculative testing in this review, T-Statistics and P-Values were examined. It is open if P-Values are less than 0.05 and T-Insights values are greater than 1.96. The following is the direct impact of the Path Coefficient:

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**Table 5. Path Coefficients (Direct Effect)**

| | Original Sample (O) | T Statistics (\| O/STDEV \|) | P Values | Results |
|---|---|---|---|---|
| **Situational Leadership Style (X) -> Employee Performance (Y)** | 0.134 | 1,362 | **0.087** | **Rejected** |
| **Situational Leadership Style (X) -> Work Motivation (Z)** | 0.874 | 29,139 | **0,000** | **Accepted** |
| **Work Motivation (Z) -> Employee Performance (Y)** | 0.818 | 9,213 | **0,000** | **Accepted** |

In table 5 there are the results of the direct influence and they will be explained one by one as follows:

1. Situational Leadership Style has a direct influence on Employee Performance."Based on the test results, a coefficient value of 0.134 was obtained, with a T-statistic = 1.362 and a p-value = 0.087. Since the p-value is greater than 0.05 and the T-statistic value is less than 1.96, this hypothesis is rejected. This means that Situational Leadership Style does not directly have a significant effect on Employee Performance. In other words, the application of a situational leadership style does not necessarily automatically improve employee performance, if it is not accompanied by other factors such as work motivation.

2. Situational Leadership Style has a direct influence on Work Motivation.The analysis results show a coefficient value of 0.874, with a T-statistic of 29.139 and a p-value of 0.000. Since the p-value is less than 0.05 and the T-statistic far exceeds 1.96, this hypothesis is accepted. This indicates that Situational Leadership Style has a positive and significant effect on Work Motivation. This means that the more appropriate a leader applies a leadership style that suits the situation, the higher the employee work motivation will be.

3. Work motivation has a direct impact on employee performance. The statistical test yielded a coefficient of 0.818, with a T-statistic of 9.213 and a p-value of 0.000. Since the p-value is <0.05 and the T-statistic is >1.96, this hypothesis is accepted. Therefore, it can be concluded that work motivation has a positive and significant influence on employee performance. This means that the higher an employee's work motivation, the higher their performance level.

**Table 6. Path Coefficients (Indirect Effect)**

| | Original Sample (O) | T Statistics (\| O/STDEV \|) | P Values | Results |
|---|---|---|---|---|
| **Situational Leadership Style (X) -> Work Motivation (Z) -> Employee Performance (Y)** | 0.715 | 8,494 | **0,000** | **Accepted** |

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4. Situational Leadership Style has an indirect effect on Employee Performance through Work Motivation.Based on the test results, the indirect path coefficient value was 0.715, with a T-statistic = 8.494 and a value = 0.000. Since the p-value <0.05 and the T-statistic > 1.96, this hypothesis is accepted. This indicates that Situational Leadership Style indirectly has a positive and significant effect on Employee Performance through the mediating role of Work Motivation.

## CLOSING

**Conclusion**

1. Situational leadership style does not have a significant direct effect on employee performance.
2. Situational leadership style has a positive and significant effect on work motivation.
3. Work motivation has a positive and significant effect on employee performance.
4. Situational leadership style has an indirect and significant influence on employee performance through work motivation.

**Suggestion**

1. Focus on Improving Work Motivation Because work motivation has been proven to have a direct and significant influence on employee performance, the company/organization.
2. Optimizing Situational Leadership Style Although it does not have a direct effect on performance, situational leadership style has a strong influence on motivation.
3. Building a Supportive Work Environment Work motivation does not only come from within the employee, but is also influenced by the work environment and the treatment of superiors.

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