

## Watts of Trust: Linking Union Roles and Leadership to Workforce Performance

Awang Asmoro, Riani Rachmawati

Universitas Indonesia, Indonesia

Email: awang.asmoro@ui.ac.id, riani.rachmawati@ui.ac.id

### ABSTRACT

*This study examines the impact of union instrumentality and transformational leadership on job performance, with mediation by job security and job satisfaction. Trade unions and transformational leadership are pivotal in driving the efficacy of organisational transformation and the sustainable management of human resources. A quantitative methodology utilizing Covariance-Based Structural Equation Modelling (CB-SEM) was implemented, analyzing data from 315 respondents of PLN Nusantara Power with LISREL. The research demonstrates that job security mediates the favorable correlation between union instrumentality and work performance. Limited research has combined trade union instrumentality with transformational leadership to evaluate employee performance within the framework of organisational transformation, especially in Indonesia. This study enhances the literature by offering empirical evidence about the influence of union instrumentality and transformational leadership on employee performance. This research provides significant insights and enriches the conversation on the topic, given the scarcity of comparable studies in Indonesia.*

**KEYWORDS** Union Instrumentality, Transformational Leadership, Job Performance, Industrial Relations, CB-SEM



*This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International*

### INTRODUCTION

The challenge for organizations today is to develop the ability to adapt to changing contexts, opportunities, and challenges, because the aspirations and goals of stakeholders are dynamic (Palmer et al., 2017). Adaptation steps are carried out through organizational changes. It is important to ensure the reduction of the negative impact of organizational change on employees, especially aspects of employee retention, productivity, and commitment (Harney et al., 2018). In the restructuring process, employee performance is the key to success in making changes (McGrath, 2024). Argenti et al. (2021) conducted a study related to the success of companies in transforming 128 companies in the period 2016 to 2020. They found that only 22% of companies are able to carry out transformation. Their analysis of successful companies shows that employee engagement, compensation, and inclusivity are key to the company's successful transformation. The study shows that the transformation carried out by the company creates a situation of

uncertainty for its employees. A study conducted by Lei et al. (2022) in China found that transformational changes made by organizations can affect worker performance. According to Jiang et al. (2012), workforce management (HRM) practices can be used to improve employee performance by focusing on increasing capacity, motivation, and opportunities. Capacity building is related to employee knowledge, skills, and abilities, and performance evaluations based on competencies and behaviors can be used to increase motivation (Cooke and Huang, 2011). Providing greater opportunities to employees allows them to contribute to creating a pleasant work environment. This is achieved through the involvement of *Unions* in management decision-making (Johnson and Watt, 2022). To reduce conflicts openly, responsible restructuring involves trade unions through consultative mechanisms.

To improve employee performance and ensure that workers' voices are heard and accommodated in management decision-making, *Unions* are involved (Johnson and Watt, 2022). *Unions* are essential for improving working conditions, increasing productivity, and reducing wage inequality. They can also benefit companies, workers, and the economy (Freeman and Medoff, 1984). However, the conventional perspective (Laroche, 2020) argues that *unions* can lead to limited work practices, such as job delays, reduced working hours, and decreased productivity. A study conducted by Newman et al. (2019) in China found that management trust increases in a good industrial relations environment, which in turn improves employee performance. *Union instrumentality* improves the perception of safety in the workplace, which in turn results in improved employee performance. Law of the Republic of Indonesia Number 13 of 2003 concerning Manpower regulates industrial relations in Indonesia. This law defines industrial relations as a system of relations between actors in the production process of goods and/or services consisting of entrepreneurs, workers or laborers, and the government, which is based on the values of Pancasila and the 1945 Constitution of the Republic of Indonesia.

The Central Statistics Agency (BPS) reported that the number of workers who are members of labor unions in Indonesia will reach 7.74 million people in 2023. The percentage of workers who are members of the union (*Union Density Rate*) has seen a downward trend since 2016. In fact, its existence is important in maintaining a balance in industrial relations between entrepreneurs or employers and the government. This is because trade unions are actually a form of workers' collective rights in fighting for their interests through the negotiation process. The weakening of the role of trade unions, according to Indrasari (mkri.id, 2024), has a negative impact on the creation of industrial relations that are not harmonious and fair. Basically, in his view, the existence of trade unions does not only benefit workers and employers because communication with the union is an efficient step for employers, especially on a large scale, to negotiate various policies and rules as well as the interests of employers through the union. *Union density* has a strong correlation with the increase in workers' wages (Addison et al., 2023; Reilly, 1996). Trade unions not only play a role in increasing workers' wages, but also in increasing the productivity of companies (Barth et al., 2020). In China (Fang et al., 2019), the effect of collective voice—to improve efficiency by reducing employee turnover,

increasing worker engagement, and improving industrial relations—is more dominant because *unions* are weaker in wage negotiations but play a major role in the coordination and stability of labor relations.

A report issued by the Ministry of Manpower (Kemenaker) shows that 10,267 cases of Industrial Relations Disputes (PHI) occurred in Indonesia throughout 2023. The most reported cases by type are layoff-related disputes, with 7,275 cases reported last year, of which 7,098 cases, or 97.57%, have been resolved. Furthermore, 2,554 cases of rights disputes were reported throughout 2023. In addition, there were 387 cases of conflicts of interest and 51 cases of disputes between trade unions (dataindonesia.id). A decrease in *union density* can lead to a weakening of workers' bargaining power, which reduces the effectiveness of collective bargaining and increases the risk of industrial relations disputes (Ford and Gillan, 2017). Research by Jung et al. (2024) shows that service-oriented union leadership has a positive and significant effect on union member job satisfaction. Newman et al. (2019) found that a good industrial relations climate increases trust in management, which in turn improves employee performance. *Union instrumentality* increases the perception of job security, which in turn drives better employee performance. Jung et al. (2024) have not accommodated the conditions when union members are not homogeneous, whether the impact of union leadership and management differs based on factors such as generational differences or socio-economic status.

Jiang et al. (2012) explain that the practice of increasing motivation in human resource management aims to foster the initiative, effort, and internal drive of employees in achieving optimal performance, including through social support from direct supervisors (Som, 2003; Dlouhy and Casper, 2021). PPM Management (2024) states that in the transformation process, open communication is carried out in a sustainable manner and is important for organizations, in this case, management. Management needs to explain the reasons for the restructuring, the vision and mission going forward, as well as the impact on employees consistently. Burns (1978), Bass and Bass (1985) stated that transformational leaders motivate subordinates to form perceptions of leadership with a new perspective through intellectual stimulation. Leaders can shape this perception because they have the capacity to support or inspire subordinates through personalized considerations, as well as using charisma and motivation (Bass and Bass, 1985). Leaders who adopt a transformational leadership style can encourage workers to have greater accountability and autonomy, which ultimately increases a sense of accomplishment and job satisfaction (Long et al., 2014). On the other hand, Alwali and Alwali (2022) conducted a study related to transformational leadership and physician performance with the scope of a public hospital in Baghdad, Iraq, so the results may not be generalized to other countries or other industrial sectors such as the private sector or private hospitals. Data collection was also carried out during the second wave of the COVID-19 pandemic in Iraq, which may have affected the results of the study due to the higher workload on doctors.

Another factor that shapes employee performance is job security. Several studies have shown how this correlation occurs between job security and employee performance. Bibi (2000) found a negative relationship between job insecurity and employee performance in the health sector in Pakistan. Al-Harazneh et al. (2024) also confirmed that job security has a fairly strong and significant positive relationship with employee performance in the same sector in Jordan. When employees feel safe in their workplaces, they are more likely to experience less job dissatisfaction, less intention to leave the job, lower burnout rates, less vulnerability to work stress, increased productivity, greater demonstration of their abilities, and improved overall health and well-being. The findings of Van Vuuren et al. (1990) showed that the negative relationship between perceived job insecurity and employee performance was stronger in self-employed workers compared to workers on permanent contracts or fixed-term contracts, while this relationship was almost insignificant in temporary contract workers and on-call workers. Probst et al. (2007) explain that work stability has a considerable impact on employee performance. Employees can work with confidence when they feel secure in their jobs, thereby improving their performance. Mozammel's (2023) findings are also consistent with Probst, thus confirming the relevance of the relationship between the two variables. Meanwhile, Kayar and Yeşilada (2024) found no positive relationship between job security and employee performance. Positive findings emerged through the mediating effects of organizational commitment and motivation in the relationship between job security and employee performance.

Several studies related to performance and job satisfaction show relationship dynamics both directly and indirectly. Sapta et al. (2021) found that job satisfaction is the process of achieving employee motivation levels, increasing productivity at work, and a form of employee attachment driven by meeting their needs, which then becomes a stimulus that can encourage them to work comfortably and efficiently. The positive correlation between job satisfaction and productivity index was shown to be statistically significant in a study conducted by Hoboubi et al. (2017). Huu et al. (2022) conducted a study in Vietnam during the Covid-19 pandemic and found that there was a statistically significant positive correlation between employee performance and three components of job satisfaction: salary, co-workers, and superiors, including overall employee job satisfaction. Lawler and Porter (1967) explain that rewarding employees can improve their performance, which ultimately leads to satisfaction in their work. The study of Kumari et al. (2021) reported that job satisfaction affects employee performance positively and significantly; this shows that employees who are satisfied with their jobs have better performance compared to employees who are dissatisfied. However, there are findings that show an insignificant relationship between the two. As reported by Alsafadi and Altahat (2021), job satisfaction and performance have an insignificant relationship. This aligns with the previous finding by Hünefeld et al. (2020) that employee performance does not have a significant correlation with job satisfaction and categorizes it as a minimal or even non-existent relationship.

Strategic steps taken by the Ministry of State-Owned Enterprises (SOEs) through the launch of Holding-Subholding in the organization of PT PLN Persero have an impact on organizational restructuring. PT PLN Nusantara Power is one of the subholdings of PT PLN Persero that has undergone a type of organizational restructuring (Bowman et al., 1999; Kaplan and Stromberg, 2009), which expands the specialization of business processes of organizational generation and downsizing, thus requiring strategic adjustments to respond to complex industrial and managerial relationship challenges in order to improve employee performance and drive corporate performance. This transformation process is an important foundation for understanding the dynamics of the relationship between management and employees. Holdingization not only requires structural efficiency but also poses new challenges to job security, job satisfaction, and employee performance, which further impacts organizational performance.

BPS data shows that the *Union Density Rate* in Indonesia is at 11.86%, which shows a downward trend over the past few years. However, state-owned companies including PT PLN Persero have a fairly high *Union Density Rate* compared to the national figure. Regulations in Indonesia encourage the management of healthy industrial relations, such as Law Number 21 of 2000 concerning Trade Unions. In SOEs, the existence of Trade Unions has become part of the governance of industrial relations, not only compliance with regulations but real practices. SOEs have a dual role in contributing to national development, namely carrying out business functions professionally, as well as realizing a social role in creating a conducive and fair employment climate. Therefore, Trade Unions in SOEs have a strategic role in business processes, which are then strengthened through Collective Labor Agreements (*PKB*), Bipartite Cooperation Institutions, and communication forums involving management.

PT PLN Nusantara Power has the characteristics of partnership-based industrial relations applied by PT PLN Persero, as well as state-owned companies in general, where the union density rate at PT PLN Nusantara Power is quite high. The Nusantara Power Workers Union is not only recognized structurally but also actively involved in the collective bargaining process. Thus, it becomes relevant to examine the role of trade unions in an effort to maintain stability and employee performance in dynamic organizational situations.

McGrath (2024) explains that employee performance can be improved through a human resource management approach that focuses on increasing capacity, motivation, and opportunities. In some studies, efforts to increase opportunities through participation have shown that *union instrumentality* at a high level can help improve employee performance through increased job security and job satisfaction. In this study, the instrumentality of the trade union is reflected in the effectiveness of the Nusantara Power Labor Union in fighting for the interests of its members, in this case employees of PT PLN Nusantara Power. The union not only serves as a formal representation in industrial relations but also acts as a strategic partner of management in voicing the interests of employees during the process of organizational transformation. A consultative and participatory trade union program facilitated by a union can provide room for

actualization for members, increase engagement, and increase a positive perception of organizational support.

Efforts to increase motivation can be done through social encouragement from the Leader (Som, 2003; Dlouhy and Casper, 2021). Studies state that transformational leadership can drive improved employee performance (Long et al., 2014; Alwali and Alwali, 2022). In this study, the transformational leadership style is applied by the Management, especially the unit leaders, to encourage the success of organizational transformation through programs carried out by the management. For employees, transformational leadership is considered an approach that is able to provide a clear, inspiring, supportive vision and mission, thereby creating an alignment of individual goals and organizational goals. In addition, the involvement of leaders in providing recognition and motivation also encourages employees to show higher work performance, even in the context of organizational change.

Based on the Theory of Resource Conservation (COR) and the Theory of Social Exchange (SET), this study examines whether employees' perception of *union instrumentality* can improve employee performance through increased perception of job security (Newman et al., 2019). In addition, looking at the dynamic relationship between transformational leadership, job satisfaction, and employee performance, this study also analyzes the influence of transformational leadership on performance mediated by the role of job satisfaction (Alwali and Alwali, 2022). The contribution of this study to the literature is to provide empirical evidence regarding the impact of *union instrumentality* and transformational leadership on employee performance. The study also expands the literature by integrating *union instrumentality* and transformational leadership within the research framework, where previous studies have addressed them separately.

#### ***Union Instrumentality (UI) dan Job Security (JSC)***

According to research conducted by Newman et al. (2019), a positive perception of Union Instrumentality increases job security, so employees feel safe and encouraged to invest more resources in the workplace. This is in line with the theory of resource conservation, which states that people seek to acquire and protect their resources to avoid the stress caused by work (Hobfoll, 1989). While unions help manage these vital resources, job security uncertainty is considered a major stressor (Lee et al., 2008). Employees' sense of security increases when they are confident the union can handle their concerns. Aryee and Chay (2001) add that union tools demonstrate the belief that unions help improve working conditions, wages, and benefits.

*H1: Union Instrumentality has a positive influence on Job Security*

#### ***Union Instrumentality (UI) dan Job Satisfaction (JSF)***

An explanation of the function and role of unions in relation to job satisfaction, explained Jung et al. (2024), who found that in workplaces that have unions, union members will develop positive expectations about the role through their interactions with union officials, which in turn increases employee job satisfaction. Kochan and Helfman (1981) found a strong and positive relationship between union performance and union member job satisfaction. Aini and Arwiyah (2018), found a positive and significant

influence of unions on employee job satisfaction. One of the ways that employees express their dissatisfaction with their work in an organization or company is through voice, which in this case is an effort to improve their condition positively, including suggestions for improvement, discussing problems with their superiors and activities in the labor union (Sinambela, 2016). In conveying their voices, employees need a forum that officially represents the interests of employees in the organization, so this is where the role of a labor union is, namely to represent employees in defending employee rights (Kasmir, 2016).

*H2: Union Instrumentality has a positive influence on Job Satisfaction*

***Job Security (JSC) dan Job Performance (JP)***

Al-Harazneh et al. (2024) conducted a study on the health sector in Jordan, and found that job security has a fairly strong and significant positive relationship with employee performance (Mahmoud and Reisel, 2014). This means that nurses who feel secure in their jobs tend to perform better. Another study conducted by Al Nahyan et al. (2024), found that job security has a significant impact on the performance of frontline employees in the public service sector in Saudi Arabia, the hospitality industry (Darvishmotevali and Ali, 2020; Mozammel, 2023). Job stability helps in improving employee performance. Employees with a high sense of job security carry out their daily activities more effectively. CLN et al. (2024), also found that there is a significant relationship between job security and the performance of library employees. Job security plays an important role in improving employee performance. If employees feel insecure in their jobs, their contributions become low and ineffective. On the contrary, a sense of security encourages higher morale and productivity.

*H3: Job Security has a positive influence on Job Performance*

***Transformational Leadership (TFL) dan Job Security (JSC)***

Podsakoff et al. (1990) say that transformational leadership behavior consists of six main components: a vision communicated, an example given, encouraging acceptance of group goals, setting high performance expectations, providing individual support, and intellectual stimulation. However, Carless et al. (2000) expand it into seven dimensions: staff development, empowerment, innovation, leadership by example, and charisma. In addition, Li (2015), Jackson and Roberts (2022), and Hermanto et al. (2024) found that transformational leadership is positively correlated with job security because it is able to foster employee confidence and a sense of security. Additionally, as stated by Robbins and Judge, transformational leadership encourages employees to meet work needs such as income, work environment, career development, and interpersonal relationships.

*H4: Transformational Leadership has a positive influence on Job Security*

***Transformational Leadership (TFL) dan Job Satisfaction (JSF)***

Several previous studies have shown a link between transformational leadership and job satisfaction for employees in organizations. Moin et al. (2021), explain the interconnectedness of Social Exchange Theory where fair treatment of leaders will be countered by positive assessments of followers of their work in the context of hospitality organizations. His study found that transformational leadership is essential for creating

satisfied employees in hospitality organizations. A study by Abouraia and Othman (2017) conducted on financial institutions in Saudi Arabia, found that transformational leadership has a significant positive impact on job satisfaction levels, workers feel comfortable and satisfied through transformational leadership methods because the approach motivates them by embracing perspectives that nurture employees, provide vision, foster trust, help them to innovate, pay attention individually, and expand interactions that ultimately increase job satisfaction levels. Braun et al. (2013), also found that at the individual level, there is a positive relationship between transformational leadership and job satisfaction (Liu et al., 2010; Munir et al., 2012; Alzomia et al., 2018).

*H5: Transformational Leadership has a positive influence on Job Satisfaction*  
***Job Satisfaction (JSF) dan Job Performance (JP)***

Studies have shown that job satisfaction and job performance are positively correlated across different industries and countries. Satisfied employees tend to perform better in the manufacturing, hospitality, and healthcare industries, according to Perera et al. (2014), Perera & Weerakkody (2016), and Platis et al. (2015). According to Ng et al. (2009), Alwali & Alwali (2022), Nasurdin et al. (2020), and Abadi & Renwarin (2017), similar results show that employee performance can be improved in various organizational environments through good management, effective communication, stable working conditions, and high levels of satisfaction. Overall, these results show that improving job satisfaction is an important strategic step to optimize individual and organizational performance.

*H6: Job Satisfaction has a positive influence on Job Performance*

***Union Instrumentality (UI), Job Security (JSC), dan Job Performance (JP)***

Job security, according to Pearce (1998), is a psychological state in which employees have differences in their expectations of future job sustainability in an organization. Organizational practices that affect the employee-employer relationship also contribute to the level of perception of job security. A meta-analysis study conducted by Cheng and Chan (2008) concluded that job security is positively related to job satisfaction. The results of a study conducted by Newman et al. (2019) concluded the indirect impact of union instrumentality on performance through job security. Union instrumentality is a precursor to job security, which is then on employee performance. When seen as able to effectively build relationships with management and fight for the interests of employees, performance will improve through increased perception of job security. Research by Lu et al. (2010) which focuses on the impact of the existence of a union on employee performance and employee relations, found that unions have a positive effect on employee performance, this involves harmonious working relationships and benefits that employees get for the better. Furthermore, the researcher formulated the following hypothesis:

*H7: Job Security mediates the positive influence of Union Instrumentality on Job Performance*

***Transformational Leadership (TFL), Job Satisfaction (JSF), dan Job Performance (JP)***



Alwali and Alwali (2022) explain their findings related to the mediating role of job satisfaction among transformational leadership and performance. Job satisfaction is important in transformational leadership because it has an impact on employee performance. In other words, transformational leadership can improve employee performance by increasing employee job satisfaction. Paracha et al. (2012) show that job satisfaction mediates the relationship between transformational leadership and employee performance. The study of Voon et al. (2011) in Malaysia also found a strong link between transformational leadership and job satisfaction. In addition, Krishnan (2005) who conducted a study on school teachers in India, found that transformational leadership is a major factor for higher job satisfaction, which in turn has an impact on improving employee performance. The researchers then formulated the following hypothesis:

*H8: Job Satisfaction mediates the positive influence of Transformational Leadership on Job Performance*

## METHOD

This study used a quantitative approach (Cooper and Schindler, 2014), with primary data obtained through questionnaires using a Likert scale (Edmondson, 2005) with a scale of 1–7 (Chang, 1994; Cox, 1980). The respondents were employees of PT PLN Nusantara Power, with a sample of 315 respondents (Dash and Paul, 2021). The data were analyzed using Covariance-Based Structural Equation Modelling (CB-SEM) to confirm existing theories (Sarstedt et al., 2014; Hair et al., 2017; Sarstedt et al., 2016; Hair et al., 2017c) using the Lisrel application version 8.8.

Union Instrumentality was measured with five items adapted by Deery et al. (2014) from Youngblood et al. (1984), which had been validated in recent research by Newman et al. (2019) and Yang et al. (2023). Transformational Leadership was measured using seven items adapted from Carless et al. (2000), validated in the study of Alwali and Alwali (2022). Job Security was measured using ten items developed by Oldham et al. (1986) and used in the research of Kraimer et al. (2005) and Newman et al. (2019). Job Satisfaction was measured through six items adapted by Price and Mueller (1981, 1986b) from Brayfield and Rothe (1951), which were later validated in other studies (Price and Mueller, 1981, 1986a; Sorensen, 1985; Wakefield, 1982; Alwali and Alwali, 2022). Job Performance was measured by assessing in-role behavior developed by Williams and Anderson (1991) in seven items, which had been validated in subsequent studies (Halbesleben and Wheeler, 2008; Alwali and Alwali, 2022).

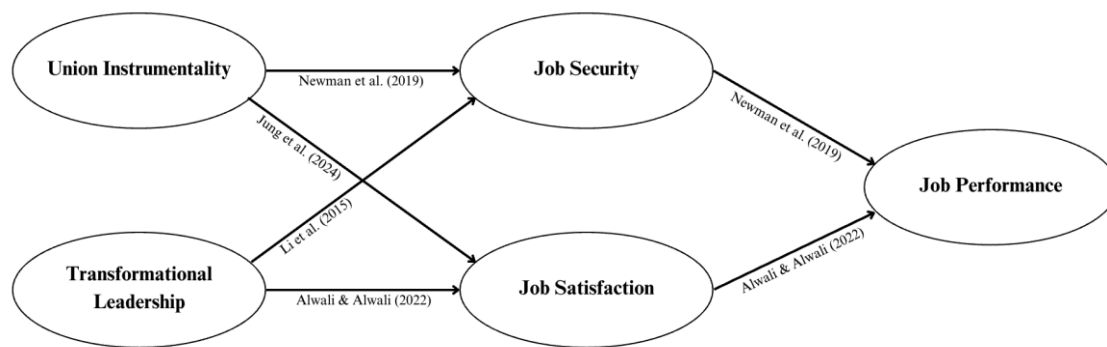


Figure 1. Research Model

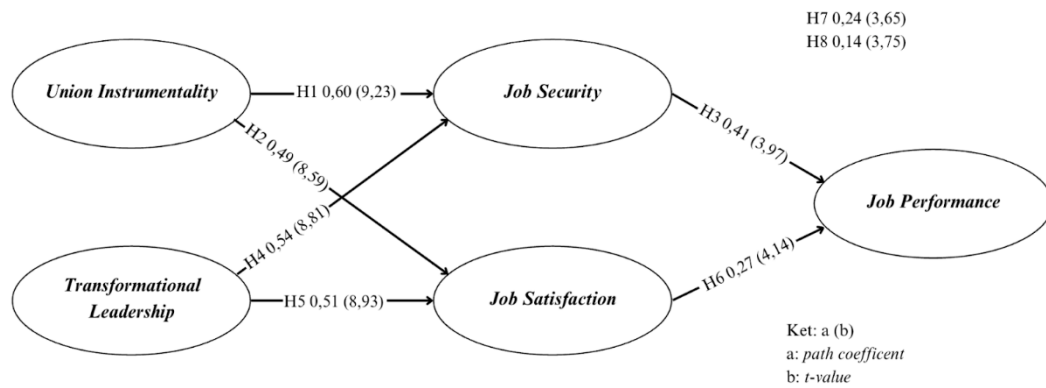
## RESULTS AND DISCUSSION

Confirmatory Factor Analysis (CFA) was carried out through testing the validity and reliability of variables by analyzing using the Lisrel 8.8 application on the loading factor (SLF) value. The five variables are unidimensional constructs. The entire indicator in the construct met the criteria used in this test referring to Hair et al. (2019) where the SLF value was significant when  $\geq 0.50$ , and Steenkamp and Maydeu-Olivares (2021)  $\geq 0.40$ . Then reliability is considered to meet the criteria when the Construct Reliability (CR) value is  $> 0.70$  and the Average Variance Extracted (AVE)  $> 0.50$ . In addition, Fornell and Larcker (1981) stated that the AVE value  $< 0.50$  is reliable if the CR value  $> 0.60$ .

Measurement model testing is carried out to ensure that the model built has an adequate level of fit (model fit) to empirical data. The evaluation was carried out using various model fit indices categorized into three main groups, namely Absolute Fit, Incremental Fit, and Parsimony Fit. Hair et al. (2019) assessed that the measurement model can be said to be fit if it meets three or four indices with a minimum of absolute fit and incremental fit respectively. In the Job Security, Job Satisfaction, and Job Performance constructs, respecifications were carried out to meet the fit model criteria.

Structural model fit tests are carried out to find out whether the theoretical model matches the sample data. To meet the criteria of Hair et al. (2019), a respecification was carried out by releasing the covariance error between the indicators JSF4 and JSF3, JSC7 and JSC5, JSC5 and JSC4, as well as JSC2 and JSC1, so that the result of RMSEA = 0.068 was obtained; CFI = 0.976; and SRMR = 0.063.

Hypothesis 1 (H1) is acceptable, where the t-value  $> 1.645$  is 9.234 with a coefficient value of 0.5980. Hypothesis 2 (H2) is acceptable, where the t-value  $> 1.645$  is 8.595 with a coefficient value of 0.4897. Hypothesis 3 (H3) is acceptable, where the t-value  $> 1.645$  is 3.971 with a coefficient value of 0.4059.



### Hypothesis Test Diagram Path Drawing

Hypothesis 4 (H4) is acceptable, where the t-value  $> 1.645$  is 8.815 with a coefficient value of 0.5415. Hypothesis 5 (H5) is acceptable, where the t-value  $> 1.645$  is 8.926 with a coefficient value of 0.5075. Hypothesis 6 (H6) is acceptable, where the t-value  $> 1.645$  is 4.136 with a coefficient value of 0.2754. Hypothesis 7 (H7) is acceptable, where the t-value  $> 1.645$  is 3.648 with a coefficient value of 0.2427. It can be concluded that Job Security mediates the positive influence of Union Instrumentality on Job Performance at a moderate level, meaning that the higher the perception of Union instrumentality, the higher the employee feels safe in their work, which will then improve employee performance. Mediation on this path is partial, where from the results of statistical tests, it is known that there is a positive and significant influence of Union Instrumentality on Job Performance, with a t-value of  $> 1.645$  which is 2.110 with a coefficient value of 0.1788. Hypothesis 8 (H8) is acceptable, where the t-value  $> 1.645$  is 3.751 with a coefficient value of 0.1398. It can be concluded that Job Satisfaction mediates the positive influence of Transformational Leadership on Job Performance at a weak level, meaning that the higher the Transformational Leadership applied by the employee's superiors, the higher the job satisfaction felt by the employee, thereby improving employee performance. Mediation on this path is partial, where from the results of statistical tests, it is known that there is a positive and significant influence of Transformational Leadership on Job Performance, with a t-value of  $> 1.645$  which is 2.770 with a coefficient value of 0.2168.

## CONCLUSION

This study, grounded in the Theory of Resource Conservation and Social Exchange Theory, found that both Union Instrumentality and Transformational Leadership positively influenced Job Security and Job Satisfaction, which significantly enhanced employee Job Performance at PT PLN Nusantara Power. When employees perceived that the union made their work more engaging and leadership provided encouragement and recognition, they showed greater loyalty and pride, leading to optimal task performance. The study highlighted that Job Security moderately mediated the positive effect of Union Instrumentality on Job Performance, reinforcing employees'

sense of safety and commitment during organizational transformation. Job Satisfaction was found to weakly mediate the relationship between Transformational Leadership and Job Performance, indicating that while leadership support fosters employee satisfaction and pride, its influence on performance is less strong. These findings underscore the importance of social and emotional resources in maintaining employee loyalty and performance amid change. The role of the Nusantara Power Workers Union in facilitating participative communication and collective bargaining was integral to enhancing job security perceptions. For future research, it is recommended to employ longitudinal and mixed-method approaches to capture the dynamic relationships more validly and to expand the inquiry to include both task and contextual performance dimensions, thereby broadening the understanding of factors influencing employee performance in organizational transformations.

## REFERENCES

- Abadi, F., & Renwarin, J. M. (2017, July). Analysis on the influence of compensation and leadership on job satisfaction and its effect on job performance. In *2017 International Conference on Organizational Innovation (ICOI 2017)* (pp. 95–100). Atlantis Press. <https://doi.org/10.2991/icoi-17.2017.17>
- Abouraia, M. K., & Othman, S. M. (2017). Transformational leadership, job satisfaction, organizational commitment, and turnover intentions: The direct effects among bank representatives. *American Journal of Industrial and Business Management*, 7(4), 404–423. <https://doi.org/10.4236/ajibm.2017.74029>
- Addison, J. T., Portugal, P., & de Almeida Vilares, H. (2023). Union membership density and wages: The role of worker, firm, and job-title heterogeneity. *Journal of Econometrics*, 233(2), 612–632. <https://doi.org/10.1016/j.jeconom.2023.02.001>
- Aini, S. S. N., & Arwiyah, Y. (2018). Peranan serikat pekerja dalam meningkatkan kepuasan kerja karyawan (Studi kasus pada PT INTI (Persero) Bandung). *Jurnal Riset Bisnis dan Manajemen*, 11(2), 73–79. <https://doi.org/10.23969/jrbm.v11i2.769>
- Al Nahyan, M. T., Al Ahbabi, J. M., Alabdulrahman, M. A., Alhosani, I., Jabeen, F., & Farouk, S. (2024). Employee job security and job performance: The mediating role of well-being and the moderating role of perceived organizational support and psychological capital. *European Journal of Management and Business Economics*. <https://doi.org/10.1108/EJMBE-06-2023-0197>
- Al-Harazneh, R., Al-Oweidat, I. A., & Nashwan, A. J. (2024). The influence of job security on job performance among Jordanian nurses. *International Journal of Africa Nursing Sciences*, 20, 100681. <https://doi.org/10.1016/j.ijans.2024.100681>
- Alsafadi, Y., & Altahat, S. (2021). Human resource management practices and employee performance: The role of job satisfaction. *Journal of Asian Finance, Economics and Business*, 8(1), 519–529. <https://doi.org/10.13106/jafeb.2021.vol8.no1.519>
- Alwali, J., & Alwali, W. (2022). The relationship between emotional intelligence,

- transformational leadership, and performance: A test of the mediating role of job satisfaction. *Leadership & Organization Development Journal*, 43(6), 928–952. <https://doi.org/10.1108/LODJ-05-2021-0214>
- Argenti, P. A., Berman, J., Calsbeek, R., & Whitehouse, A. (2021). The secret behind successful corporate transformations. *Harvard Business Review*, 29(3), 44–57.
- Aryee, S., & Chay, Y. W. (2001). Workplace justice, citizenship behavior, and turnover intentions in a union context: Examining the mediating role of perceived union support and union instrumentality. *Journal of Applied Psychology*, 86(1), 154–160. <https://doi.org/10.1037/0021-9010.86.1.154>
- Barth, E., Bryson, A., & Dale-Olsen, H. (2020). Union density effects on productivity and wages. *The Economic Journal*, 130(631), 1898–1936. <https://doi.org/10.1093/ej/ueaa040>
- Bass, B. M., & Bass, R. (1985). *Leadership and performance beyond expectations*. Free Press.
- Bibi, A. (2020). Job insecurity and job performance of nurses in Pakistan: The roles of work engagement and organizational justice. *Business Research Review*, 6(1), 7–20.
- Bowman, E. H., Singh, H., Useem, M., & Bhadury, R. (1999). When does restructuring improve economic performance? *California Management Review*, 41(2), 33–54. <https://doi.org/10.2307/41165991>
- Braun, S., Peus, C., Weisweiler, S., & Frey, D. (2013). Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. *The Leadership Quarterly*, 24(1), 270–283. <https://doi.org/10.1016/j.leaqua.2012.11.006>
- Brayfield, A. H., & Rothe, H. F. (1951). An index of job satisfaction. *Journal of Applied Psychology*, 35(5), 307–311. <https://doi.org/10.1037/h0055617>
- Burns, J. M. (1978). *Leadership*. Harper & Row.
- Carless, S. A., Wearing, A. J., & Mann, L. (2000). A short measure of transformational leadership. *Journal of Business and Psychology*, 14(3), 389–405. <https://doi.org/10.1023/A:1022991115523>
- Cheng, G. H. L., & Chan, D. K. S. (2008). Who suffers more from job insecurity? A meta-analytic review. *Applied Psychology*, 57(2), 272–303. <https://doi.org/10.1111/j.1464-0597.2007.00312.x>
- Cooper, D. R., & Schindler, P. (2014). *Business research methods*. McGraw-Hill.
- Cooke, F. L., & Huang, K. (2011). Postacquisition evolution of the appraisal and reward systems: A study of Chinese IT firms acquired by US firms. *Human Resource Management*, 50(6), 839–858. <https://doi.org/10.1002/hrm.20446>
- Dash, G., & Paul, J. (2021). CB-SEM vs PLS-SEM methods for research in social sciences and technology forecasting. *Technological Forecasting and Social Change*, 173, 121092. <https://doi.org/10.1016/j.techfore.2021.121092>
- Deery, S. J., Iverson, R. D., Buttigieg, D. M., & Zatzick, C. D. (2014). Can union voice make a difference? The effect of union citizenship behavior on employee absence.

- Human Resource Management*, 53(2), 211–228. <https://doi.org/10.1002/hrm.21562>
- Dlouhy, K., & Casper, A. (2021). Downsizing and surviving employees' engagement and strain: The role of job resources and job demands. *Human Resource Management*, 60(3), 435–454. <https://doi.org/10.1002/hrm.22028>
- Fang, T., Ge, Y., & Fan, Y. (2019). Unions and the productivity performance of multinational enterprises: Evidence from China. *Asian Business & Management*, 18(3), 281–300. <https://doi.org/10.1057/s41291-019-00059-y>
- Ford, M., & Gillan, M. (2017). *Industrial relations scoping study: Decent work in the garment sector supply chains in Asia*. University of Sydney.
- Freeman, R. B., & Medoff, J. L. (1984). *What do unions do?* Basic Books.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)* (2nd ed.). Sage.
- Harney, B., Fu, N., & Freeney, Y. (2018). Balancing tensions: Buffering the impact of organisational restructuring and downsizing on employee well-being. *Human Resource Management Journal*, 28(2), 235–254. <https://doi.org/10.1111/1748-8583.12174>
- Hobfoll, S. E. (1989). Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513–524. <https://doi.org/10.1037/0003-066X.44.3.513>
- Hoboubi, N., Choobineh, A., Ghanavati, F. K., Keshavarzi, S., & Hosseini, A. A. (2017). The impact of job stress and job satisfaction on workforce productivity in an Iranian petrochemical industry. *Safety and Health at Work*, 8(1), 67–71. <https://doi.org/10.1016/j.shaw.2016.07.002>
- Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of Management Journal*, 55(6), 1264–1294. <https://doi.org/10.5465/amj.2011.0088>
- Johnson, M., & Watt, L. (2022). Doing the right thing? An institutional perspective on responsible restructuring in UK local government. *Human Resource Management Journal*, 32(1), 76–91. <https://doi.org/10.1111/1748-8583.12362>
- Jung, H., Kim, K. J., & Shin, I. (2024). Different but synergistic effects of union and manager leadership on member job satisfaction. *Behavioral Sciences*, 14(4), 287. <https://doi.org/10.3390/bs14040287>
- Kaplan, S. N., & Strömberg, P. (2009). Leveraged buyouts and private equity. *Journal of Economic Perspectives*, 23(1), 121–146. <https://doi.org/10.1257/jep.23.1.121>
- Kasmir. (2016). *Manajemen sumber daya manusia (Teori dan praktikum)*. Raja Grafindo Persada.
- Kayar, S., & Yeşilada, T. (2024). Quartet of sustainable job security, job performance, organizational commitment, and motivation in an emerging economy: Focusing on Northern Cyprus. *Sustainability*, 16(16), 6764. <https://doi.org/10.3390/su16166764>

- Kochan, T. A., & Helfman, D. E. (1981). The effects of collective bargaining on economic and behavioral job outcomes. *Industrial and Labor Relations Review*, 34(2), 187–206. <https://doi.org/10.2307/2522500>
- Krishnan, V. R. (2005). Transformational leadership and outcomes: Role of relationship duration. *Leadership & Organization Development Journal*, 26(6), 442–457. <https://doi.org/10.1108/01437730510617654>
- Lawler, E. E., & Porter, L. W. (1967). The effect of performance on job satisfaction. *Industrial Relations*, 7(1), 20–28. <https://doi.org/10.1111/j.1468-232X.1967.tb01060.x>
- Long, C. S., Yusof, W. M. M., Kowang, T. O., & Heng, L. H. (2014). The impact of transformational leadership style on job satisfaction. *World Applied Sciences Journal*, 29(1), 117–124.
- Lu, Y., Tao, Z., & Wang, Y. (2010). Union effects on performance and employment relations: Evidence from China. *China Economic Review*, 21(1), 202–210. <https://doi.org/10.1016/j.chieco.2009.12.003>
- McGrath, P. J. (2024). Human resource management practices in corporate restructuring: A review and agenda for future research. *Personnel Review*. <https://doi.org/10.1108/PR-07-2022-0478>
- Mozammel, S. (2023). Job performance through job security and organizational support: Testing the mediation of employee engagement. *International Journal of Operations and Quantitative Management*, 29(1), 1–13.
- Newman, A., Cooper, B., Holland, P., Miao, Q., & Teicher, J. (2019). How do industrial relations climate and union instrumentality enhance employee performance? The mediating effects of perceived job security and trust in management. *Human Resource Management*, 58(1), 35–44. <https://doi.org/10.1002/hrm.21928>
- Palmer, I., Dunford, R., & Buchanan, D. (2017). *Managing organizational change: A multiple perspectives approach*. McGraw Hill.
- Paracha, M. U., Qamar, A., Mirza, A., Hassan, I. U., & Waqas, H. (2012). Impact of leadership style (transformational & transactional leadership) on employee performance & mediating role of job satisfaction: Study of private school (educator) in Pakistan. *Global Journal of Management and Business Research*, 12(4), 55–64.
- Price, J. L., & Mueller, C. W. (1986). *Handbook of organizational measurement*. Pitman.
- Probst, T. M., Stewart, S. M., Gruys, M. L., & Tierney, B. W. (2007). Productivity, counterproductivity and creativity: The ups and downs of job insecurity. *Journal of Occupational and Organizational Psychology*, 80(3), 479–497. <https://doi.org/10.1348/096317906X159103>
- Sapta, I., Muafi, M., & Setini, N. M. (2021). The role of technology, organizational culture, and job satisfaction in improving employee performance during the Covid-19 pandemic. *Journal of Asian Finance, Economics and Business*, 8(1), 495–505. <https://doi.org/10.13106/jafeb.2021.vol8.no1.495>
- Sinambela, L. P. (2016). *Manajemen sumber daya manusia: Membangun tim kerja yang solid untuk meningkatkan kinerja*. Bumi Aksara.

- Som, A. (2003). Redesigning the human resources function at Lafarge. *Human Resource Management*, 42(3), 271–288. <https://doi.org/10.1002/hrm.10083>
- Voon, M. L., Lo, M. C., Ngui, K. S., & Ayob, N. B. (2011). The influence of leadership styles on employees' job satisfaction in public sector organizations in Malaysia. *International Journal of Business, Management and Social Sciences*, 2(1), 24–32.
- Williams, L. J., & Anderson, S. E. (1991). Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. *Journal of Management*, 17(3), 601–617. <https://doi.org/10.1177/014920639101700305>