

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP STYLE AND INTERNAL COMMUNICATION ON EMPLOYEE ENGAGEMENT AT HAIVO GROUP, SURABAYA

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Abstract

The study was conducted to understand the influence of transformational leadership style and internal communication on the level of employee engagement at Haivo Group, Surabaya. The method applied was quantitative and questionnaires as data collection techniques. The population selected by the author included all employees who work and are active in the Haivo Group Surabaya City environment. The sample determination was carried out using a non-probability sampling technique with a saturated sampling method, namely all members of the population were made respondents to the study. The number of samples collected was 50 respondents. The data obtained were then analyzed using SPSS version 26 through multiple linear regression analysis. The results of the analysis showed that transformational leadership style and internal communication simultaneously have a significant influence on employee engagement. However, when broken down partially, only internal communication has a significant influence, while transformational leadership style does not have a significant influence when viewed separately. These findings indicate that employee engagement at Haivo Group, Surabaya is more influenced by the effectiveness of internal communication than by transformational leadership style. Therefore, to improve employee engagement, management is advised to prioritize improving the quality of internal communication that is more intense, open, and consistent, and optimize the implementation of an adaptive transformational leadership style.

Keywords: Transformational Leadership Style, Internal Communication, Employee Engagement, Creative Industry, Hybrid Work Environment

INTRODUCTION

The era of globalization, characterized by cross-border economic integration, accelerated digital transformation within the framework of the Industrial Revolution 5.0, as well as global dynamics such as pandemics, climate change, and economic uncertainty, has significantly increased the complexity and intensity of business competition (Putra et al., 2024). Organizations are no longer competing solely in terms of price and product quality but also in their ability to adapt to environmental changes, leverage digital technologies, and develop collaborative and innovative work systems.

Human resources have become a key determinant of organizational success. They are not only operational assets but also sources of innovation, creativity, and competitive advantage. Therefore, organizations need to manage human resources strategically, focusing not only on administrative functions but also on employee development, motivation, and retention (Faeni et al., 2025; Kurniawan & Hartono, 2023). These development efforts can be carried out through learning organization approaches and learning by doing to continuously enhance individual capabilities (Sartika & Hayadi, 2024).

In the creative industry, particularly within media agencies, the role of human resources becomes increasingly critical. Media agencies are professional organizations that assist clients in planning, managing, and optimizing communication campaigns across various media platforms. The project-based nature of the industry, high creativity demands, and cross-divisional coordination make the quality of human resources a primary determinant of organizational success (UNCTAD, 2024). Under these conditions, organizations rely not only on financial capital but also on employees' emotional well-being, loyalty, and commitment.

One important indicator in measuring the effectiveness of human resource management is employee engagement, which reflects the emotional, cognitive, and behavioral involvement of employees in their work (Tummers & Bakker, 2021). Highly engaged employees tend to demonstrate strong vigor, dedication, and absorption (Drajat & Maulyan, 2020). Conversely, low employee engagement can lead to decreased performance, increased turnover, and lower work quality.

The issue of low employee engagement remains a global concern. The *State of the Global Workplace* report shows that only approximately 23% of employees worldwide are engaged, while the majority fall into the categories of not engaged or actively disengaged (Gallup, 2023). In Indonesia, the proportion of disengaged employees has increased from 64.48% to 68.78%, indicating a gap between employee expectations and organizational conditions (Gallup, 2023). Nevertheless, the *Mercer Global Talent Trends* study shows that although employees in Indonesia have relatively strong emotional connections with their organizations, only about 67% are willing to remain in the long term, indicating a gap between emotional attachment and organizational commitment (Zhafira et al., 2025).

This condition is further complicated by the dominance of Millennials and Generation Z in the workforce, who have distinct characteristics such as the need for recognition, work-life balance, and opportunities for self-development (Ramadhani, 2024; Zhafira et al., 2025). Therefore, organizations are required to create adaptive and communicative work environments to meet these expectations.

On the other hand, advancements in information and communication technology have transformed interaction patterns within organizations. The emergence of digital media and hybrid work systems has made communication more flexible but also increased the potential for miscommunication and information ambiguity (Darma Salsabila, 2024). In this context, internal communication becomes a crucial organizational element as a medium for information exchange, work coordination, and the development of effective working relationships. The effectiveness of internal communication can be assessed through ease of information access, communication intensity, message clarity, level of understanding, and behavioral changes among employees (Afizha & Kholi, 2021).

In addition to internal communication, transformational leadership also plays a strategic role in enhancing employee engagement. Transformational leadership is a leadership style that inspires and motivates employees through four key dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Ilmi Muhammad, 2023). Leaders who provide a clear vision, motivation, and attention to individual employee needs can significantly increase employee engagement.

However, the high work demands in the media agency industry, such as tight deadlines, frequent changes in project direction, and the need for cross-divisional coordination, can lead to high work pressure and potential burnout. This phenomenon is reflected in Haivo Group, a media agency based in Surabaya. The organization operates within an integrated business ecosystem involving employees, interns, and volunteers across various projects. Internal data shows that 47% of members experience interdivisional miscommunication, 41% encounter changes in project direction during execution, and 52% experience work fatigue due to high project intensity (Ramadhan, 2025). In addition, there have been cases of project collaboration failures caused by inadequate coordination and suboptimal decision-making.

These conditions indicate inefficiencies in internal communication and leadership practices that may reduce employee engagement. Theoretically, the relationship between transformational leadership, internal communication, and employee engagement can be explained through Social Exchange Theory and the Job Demands–Resources (JD-R) model. Social Exchange Theory explains that the relationship between organizations and employees is reciprocal, where organizational support is rewarded with positive employee contributions (Anam, 2025). Meanwhile, the JD-R model suggests that employee outcomes are influenced by the balance between job demands and organizational resources, such as effective leadership and communication (Tummers, 2021).

Previous studies have shown inconsistent findings regarding the effect of internal communication on employee engagement. Some studies have found significant effects, while others suggest that the relationship is context-dependent (Rahmawati & Perkasa, 2026; Putri & Wibowo, 2025). In addition, most previous studies have focused on SMEs, startups, and educational institutions, indicating limited research in the context of media agencies. Based on the above discussion, this study offers novelty in terms of its research context, namely a media agency organization with a creative ecosystem and a hybrid work system dominated by Generation Z. This study aims to analyze the influence of transformational leadership style and internal communication on employee engagement at Haivo Group in Surabaya. The findings are expected to contribute theoretically to the development of human resource

management and practically to the design of strategies for enhancing employee engagement in project-based and creative industries.

REVIEW OF LITERATURE

The development of studies in the field of human resource management indicates that transformational leadership style and internal communication are two critical factors in shaping employee engagement, particularly within increasingly complex modern work environments, including hybrid work systems. Numerous studies have examined the relationships among these three variables; however, inconsistencies in findings remain, creating opportunities for further research.

Transformational leadership has been widely studied as an approach to enhancing employee engagement. Prabowo and Dwi (2022) found that although leadership style does not have a direct significant effect on employee performance, employee engagement plays a crucial role in strengthening organizational commitment. This finding suggests that transformational leadership holds strategic potential in fostering employee engagement as a key variable.

Furthermore, Ramandhi (2023) reported that transformational leadership style and internal communication simultaneously contributed significantly to employee engagement, accounting for 71.5% of the variance. This finding is supported by studies conducted by Armita Indriana (2023) and Haryanto et al. (2024), which demonstrate that inspirational leadership and effective internal communication significantly enhance employee engagement, loyalty, and performance.

On the other hand, Fatmawati Putri (2025) revealed that transformational leadership and internal communication have a significant effect on employee job satisfaction. Although this study does not directly measure employee engagement, the findings indicate a strong relationship between these variables and employees' psychological conditions, which form the foundation of engagement. Similarly, Dinillah and Sabil (2022) emphasized that employee engagement has a dominant influence on employee productivity, reinforcing its importance within organizations.

However, not all studies present consistent results. Rahmawati and Perkasa (2026) found that internal communication does not always have a significant effect on employee engagement under certain conditions, leading to inconsistencies in the literature. Additionally, Soim (2024) demonstrated that transformational leadership significantly influences employee performance but did not specifically examine its relationship with employee engagement.

From a contextual perspective, most previous studies have been conducted in manufacturing companies, SMEs, educational institutions, and startups operating under conventional work systems. In contrast, there is still limited research focusing on media agencies, which are characterized by dynamic, project-based work and high communication complexity. This gap is relevant to the empirical phenomena observed at Haivo Group in Surabaya, such as interdepartmental miscommunication, frequent changes in project direction, and potential employee burnout.

Based on this synthesis, it can be concluded that transformational leadership style and internal communication play important roles in shaping employee engagement. However,

research gaps still exist in terms of inconsistent findings and the limited context of media agency organizations. Therefore, this study aims to address these gaps by examining the influence of both variables on employee engagement at Haivo Group as a media agency.

RESEARCH METHOD

This study employs a quantitative approach using a survey method as the primary data collection instrument, based on a positivist paradigm in social research, which enables objective and measurable analysis of variables (Sugiyono, 2023). The population of this study consists of all employees of Haivo Group in Surabaya, totaling 50 individuals. The sampling technique used is non-probability sampling with a saturated sampling (census) method, in which all members of the population are included as research respondents. This approach ensures that the findings comprehensively represent the actual condition of the population.

Data were collected using a structured questionnaire with a five-point Likert scale. Construct validity was tested using the Pearson Product Moment correlation, while reliability was assessed using Cronbach's Alpha coefficient with a minimum threshold of ≥ 0.60 , indicating acceptable internal consistency. Data collection was conducted from February 26, 2026, to March 10, 2026, through a digital platform (Google Forms), focusing on three main variables: transformational leadership style, internal communication, and employee engagement.

Data analysis was carried out using multiple linear regression to test the research hypotheses regarding the influence of independent variables on employee engagement. This approach aligns with recommendations to ensure comprehensive measurement of constructs. Prior to regression analysis, classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests, to ensure the adequacy of the regression model.

Statistical data processing was performed using the latest version of SPSS software. The interpretation of results considered not only statistical significance but also practical significance within the dynamic context of a media agency organization. The research questionnaire was developed by adapting previously validated instruments, with modifications tailored to the context of Haivo Group as a media agency.

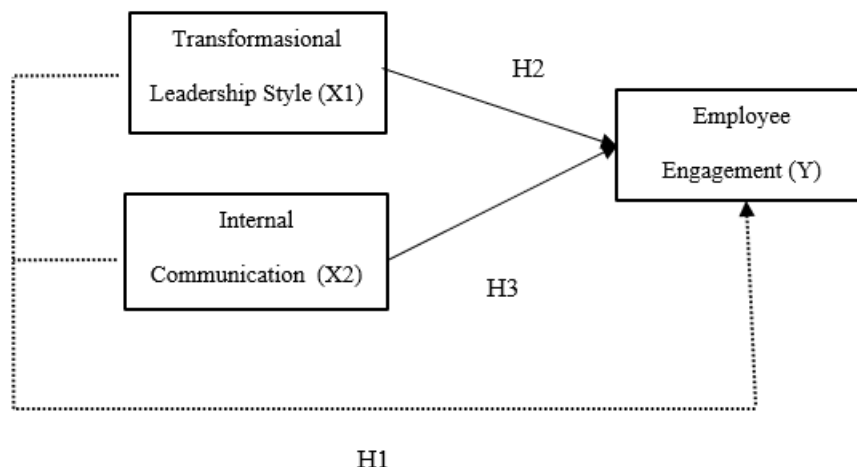
Research Hypothesis

This study aims to analyze the influence of transformational leadership style and internal communication on employee engagement at Haivo Group in Surabaya. Based on the literature review and previous studies, the hypotheses proposed in this study are as follows:

- H1: Transformational leadership style and internal communication simultaneously have a significant effect on employee engagement at Haivo Group in Surabaya.
- H2: Transformational leadership style has a positive and significant effect on employee engagement at Haivo Group in Surabaya.
- H3: Internal communication has a positive and significant effect on employee engagement at Haivo Group in Surabaya.

Research Model

This research model illustrates the relationship between the independent variables, namely transformational leadership style and internal communication, and the dependent variable, which is employee engagement. The model is presented as follows:



The research model of this study illustrates that the two independent variables have a direct relationship with employee engagement, which will be tested using multiple linear regression analysis. This study adopts a quantitative approach with a survey method, where data are collected through a structured questionnaire using a Likert scale. The data analysis technique employed is multiple linear regression to examine the influence of each variable on employee engagement. The findings of this study are expected to provide deeper insights for Haivo Group in enhancing employee engagement by focusing on transformational leadership practices and effective internal communication.

RESULTS AND DISCUSSION

The following are the research results obtained from the analysis using SPSS, namely:

Table 1.
Regression Analysis
ANOVA^a

	Type	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.969.302	2	984.651	154.976	,000b
	Residuals	298.618	47	6.354		
	Total	2.267.920	49			

a. Dependent Variable: Total_Y

b. Predictors: (Constant), Total_X1, Total_X2

Source: Data processed (2026)

Table 2.
Coefficients^a

	Type	Unstandardised Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.677	4.076		5.072	.000
	Total_X1	.104	.108	.053	.965	.340
	Total_X2	1.343	.080	.916	16.701	.000

a. Dependent Variable: Total_Y

Source: Data processed (2026)

Table 3.
Correlation Coefficient and Determination Coefficient Test
Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932a	.868	.863	2.521

a. Predictors: (Constant), Total_X1, Total_X2

Source: Data processed (2026)

t Test

The analysis shows that transformational leadership does not have a significant effect on employee engagement at Haivo Group. Based on the t-test results, the transformational leadership variable (Total_X1) has a regression coefficient of 0.104, a calculated t-value of 0.965, and a significance value of 0.340. Since the significance value is greater than 0.05, the first hypothesis (H1) is rejected, indicating that transformational leadership does not directly enhance employee engagement. Conversely, internal communication has a positive and significant effect on employee engagement. The t-test results show that the internal communication variable (Total_X2) has a regression coefficient of 1.343, a calculated t-value of 16.701, and a significance value of 0.000. Since the significance value is less than 0.05, the second hypothesis (H2) is accepted, meaning that the more effective the internal communication, the higher the level of employee engagement.

F Test

Although partially only internal communication has a significant effect, the F-test shows that simultaneously, transformational leadership and internal communication affect employee engagement. This is evidenced by the R-value of 0.932, indicating a very strong relationship between the independent and dependent variables. In addition, the R Square value of 0.868 suggests that these variables can explain 86.8% of the variation in employee engagement, while the remaining percentage is influenced by other factors not included in this research model.

Thus, although both independent variables simultaneously affect employee engagement, the partial test results show that only internal communication has a significant effect. Therefore, to enhance employee engagement at Haivo Group, the organization needs to focus more on strengthening internal communication, as this factor has been proven to have a significant positive impact.

The Effect of Transformational Leadership Style on Employee Engagement

The results of this study indicate that transformational leadership does not have a significant effect on employee engagement at Haivo Group. This finding is not fully aligned with the theory proposed by Bass and Avolio, as cited in Ilmi Muhammad (2023), which states that transformational leadership plays a crucial role in enhancing employee engagement through dimensions such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. These dimensions are expected to foster stronger emotional attachment and commitment among employees.

Previous research has also shown mixed results regarding the effectiveness of transformational leadership. While some studies suggest that transformational leadership can enhance employee engagement, others indicate that its impact may depend on organizational context and employee characteristics. In the case of Haivo Group, the findings suggest that transformational leadership alone is not sufficient to significantly influence employee engagement. This condition may be influenced by the characteristics of the organization, which is dominated by younger employees and operates within a dynamic, project-based work environment. In such contexts, employees tend to prioritize clear, fast, and flexible communication over leadership influence. As a result, even though leaders may demonstrate positive behaviors, such as serving as role models, the impact may not be strongly perceived by employees in their day-to-day work experiences.

Furthermore, aspects of transformational leadership such as intellectual stimulation and individualized consideration may not have been optimally implemented or perceived by employees. This may reduce the effectiveness of leadership in fostering employee engagement. Therefore, despite its theoretical importance, transformational leadership may require stronger alignment with organizational needs and employee expectations to produce a significant impact.

However, although transformational leadership does not show a significant partial effect, it still plays an important role when combined with other organizational factors, particularly internal communication. This suggests that leadership effectiveness may be enhanced when supported by clear and effective communication systems. Therefore, organizations should not only focus on leadership development but also ensure that leadership practices are supported by strong communication strategies to improve employee engagement.

The Effect of Internal Communication on Employee Engagement

The results of this study contradict the first hypothesis, as transformational leadership does not have a significant effect on employee engagement at Haivo Group. This finding is not consistent with previous research, such as that conducted by Bass and Avolio (as cited in Ilmi Muhammad, 2023), which suggests that transformational leadership is a key factor in enhancing employee engagement. Leadership behaviors such as providing vision,

motivation, intellectual stimulation, and individualized consideration are generally expected to strengthen employees' emotional attachment and involvement in their work.

However, in the context of media agencies, several studies suggest that the effectiveness of transformational leadership may be less dominant compared to other organizational factors. In dynamic and project-based work environments, employees tend to prioritize aspects such as clear communication, flexibility, and efficiency in task execution rather than leadership influence alone. This may explain why transformational leadership does not show a significant relationship with employee engagement in this study.

In addition, research in similar contexts indicates that while transformational leadership is important in shaping organizational culture, its direct impact on employee engagement may not always be strong, particularly among younger employees who value autonomy and transparency. This suggests that employees are more focused on practical and functional aspects of work, such as clarity of tasks, coordination, and access to information, rather than leadership style.

Although the results of this study indicate that transformational leadership does not significantly affect employee engagement, organizations still need to consider this aspect in managing employees. Transformational leadership can contribute to building a positive work environment, strengthening organizational values, and supporting long-term employee development, even if it is not the primary factor influencing employee engagement in this context.

Simultaneous Effect of Transformational Leadership Style, Internal Communication on Employee Engagement

The results of this study indicate that transformational leadership style and internal communication simultaneously have a significant effect on employee engagement, with an R Square value of 86.8%. This implies that these variables are able to explain a substantial proportion of the variation in employee engagement at Haivo Group, while the remaining variance is influenced by other factors not included in this research model.

These findings are in line with Rahmanda et al. (2025), who found that internal communication has a significant effect on employee engagement in multigenerational organizations, with strong contributions through multichannel communication strategies and participative leadership. Similarly, Putri and Wibowo (2025), in their study on technology startups, state that internal communication centered on organizational culture is a primary predictor of increased employee engagement.

Furthermore, Maghfirah and Chandra (2024), in their research in the banking sector, found that internal communication significantly affects employee performance, which in turn enhances employee engagement. These findings reinforce that employee engagement is influenced by a combination of organizational factors, particularly communication and leadership. In the context of Haivo Group, internal communication emerges as the dominant factor, while transformational leadership plays a complementary role in strengthening engagement when integrated effectively.

Thus, this study confirms that organizations need to adopt a holistic approach in enhancing employee engagement by integrating transformational leadership and internal communication. Although transformational leadership does not have a significant individual effect, it still contributes when combined with effective communication. Therefore, Haivo

Group should prioritize strengthening internal communication systems while continuously improving leadership practices to create a more engaged and sustainable workforce.

CONCLUSION

Based on the results of this study, internal communication is proven to have a positive and significant effect on employee engagement at Haivo Group in Surabaya. This is supported by the t-test results, which show a significance value of 0.000 (< 0.05) and a strong regression coefficient of 1.343, indicating that internal communication is the most influential variable. The dimensions of *attitude change* and *message understanding* emerge as the primary strengths, while communication intensity remains an aspect that requires further improvement.

In contrast, transformational leadership does not have a significant effect on employee engagement when examined partially. This is indicated by a significance value of 0.340 (> 0.05) with a regression coefficient of 0.104. Although the dimensions of *idealized influence* and *inspirational motivation* are perceived positively, the relatively lower performance of *intellectual stimulation* and *individualized consideration* limits its overall impact. This finding suggests that employees in a creative and hybrid work environment tend to prioritize autonomy, clarity, and direct communication over leadership influence.

However, when examined simultaneously, transformational leadership and internal communication have a significant effect on employee engagement. This is evidenced by the F-test results with a significance value of 0.000 (< 0.05) and a high coefficient of determination ($R^2 = 0.868$ or 86.8%). This indicates that both variables collectively explain the majority of the variance in employee engagement. In this relationship, the dimensions of *idealized influence* and *attitude change* act as key contributors that reinforce each other in creating a supportive and engaging work environment.

These findings imply that although transformational leadership does not have a significant direct effect, it still plays an important complementary role when integrated with effective internal communication. Therefore, Haivo Group should prioritize strengthening internal communication strategies by increasing communication intensity, optimizing digital communication platforms, and ensuring clarity and transparency of information delivery. At the same time, transformational leadership should continue to be developed, particularly in enhancing *intellectual stimulation* and *individualized consideration*, in order to contribute more effectively to improving employee engagement and fostering sustainable working relationships.

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