The Role of Transformational Leadership in Improving Employee Performance Through A High-Performance Work System As A Mediation

Abraham Jordy Winarto [1], Fuad Mas'ud [2]

Abstract:

Optimal employee performance is a crucial aspect in the banking industry, which is characterized by high pressure, demanding targets, and complex service processes. Bank Mandiri, as one of the largest banks in Indonesia, faces ongoing challenges in maintaining superior human resource performance within an increasingly dynamic and competitive environment. In this context, leadership and work systems play a vital role in supporting both individual and organizational performance. This study aims to examine the role of transformational leadership in enhancing employee performance through the implementation of a high-performance work system (HPWS) and the facilitation of knowledge sharing as mediating variables. The study adopts a quantitative explanatory approach, with data collected through questionnaires distributed to employees of Bank Mandiri in Semarang City. Data were analyzed using Structural Equation Modeling (SEM) with the support of AMOS software. The findings indicate that transformational leadership positively influences employee performance and the implementation of HPWS. HPWS is also found to have a positive effect on employee performance and knowledge sharing, while knowledge sharing contributes positively to employee performance. Furthermore, the results demonstrate that HPWS plays a significant mediating role in the relationship between transformational leadership and employee performance. The combined mediation of HPWS and knowledge sharing further strengthens this relationship. Overall, these findings highlight the importance of effective leadership, well-designed work systems, and a strong knowledge-sharing culture in optimizing employee performance within the banking sector.

Keywords: *Transformational Leadership, Employee Performance, High-Performance Work System, Knowledge Sharing, SEM, Bank Mandiri*

1. Introduction

The banking industry has become a rapidly growing sector and contributes significantly to national economic growth. Employees in this industry often face high productivity demands to achieve employee performance, which is achieved through

[1] *Faculty of Economics and Business, Diponegoro University, Indonesia. abrahamjordy99@gmail.com*
[2] *Faculty of Economics and Business, Diponegoro University, Indonesia*

the creation of new ideas, team collaboration, and work flexibility.(Jebali & Meschitti, 2020). As happened with Bank Mandiri, which is based on the ranking of the best banks in 2025, Bank Mandiri is ranked number 4 with 37,448 employees.(Forbes, 2025). As in the following figure 1.
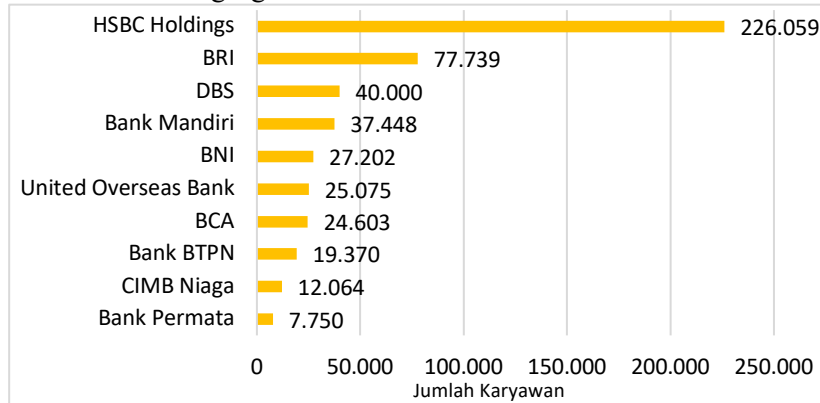
Source:Forbes (2025)

Figure 1. List of Bank Rankings in Indonesia and Number of Employees in 2025

Figure 1 shows that Bank Mandiri ranks lower than its competitors. This indicates the need to improve the company's internal performance to strengthen its position as one of the best banks in Indonesia.Alrowwad et al. (2020)highlighted that improving company performance depends on optimizing internal resources, particularly in terms of human resource management. In addition, the studyLubis et al. (2022) stated that the banking industry faces high work pressure, so a sustainable human resource development program is needed to maintain and consistently improve employee performance. Furthermore, it can be seen from employee performance assessments over the past 5 years at Bank Mandiri Semarang City with a very good percentage assessment range of $\geq 85\%$. The good performance category'is in the range of 70% - 84%, the sufficient category is 50% -69% and the poor category is $\leq 50\%$, as presented in the following table.

Table 1. Performance Assessment of Bank Mandiri Employees in Semarang City

Year	Very good	(%)	Good	(%)	Enough	(%)	Not enough	(%)	Total Employees
2020	60	30	80	40	40	20	20	10	200
2021	65	32.5	75	37.5	45	22.5	15	7.5	200
2022	70	35	73	36.5	47	23.5	10	5	200
2023	80	40	60	30	55	27.5	5	2.5	200
2024	65	32.5	85	42.5	40	20	10	5	200

Source: Bank Mandiri, 2025

Table 1 above shows the performance of Bank Mandiri Semarang City employees, with a total of 200 employees each year. First, the dominant category each year is "Good," with a percentage of 30-42.5%. However, according to the standard criteria, all categories remain at the "Sufficient" level because none have reached $\geq 70\%$.

Second, the percentage of "Very Good" continues to rise from 30% (2020) to 40% (2023), but still does not meet the Good category (70-84%). Third, the "Poor" category continues to decline, from 10% (2020) to 2.5% (2023), then slightly increasing to 5% (2024). This is a positive indication because the number of employees with poor performance is decreasing. However, the percentage of employees with poor performance still shows a less than optimal percentage. This indicates that there are still employees whose employee performance is not optimal.

Researchers conducted a pre-survey to assess employee performance levels, involving 30 employees working at Bank Mandiri in Semarang. Data collected included statements related to employee performance, transformational leadership, high-performance work systems, and knowledge sharing.

Table 2. Research Survey

No	Statement	Don't agree %	Strongly agree %
Transformational leadership			
1	Our leaders are role models in this organization.	13.3	86.7
2	Our leaders always motivate to continue developing skills.	13.3	86.7
3	Our leaders encourage creative thinking in getting work done.	6.7	93.3
4	Our leaders give us the opportunity to develop ourselves	6.7	93.3
Average		10.0	90.0
High-performance work system			
1	Our leaders provide training opportunities on a regular basis.	10	90
2	Our leaders offer a clear career path	6.7	93.3
3	Our work has a fair and transparent performance appraisal system.	16.7	83.3
Average		11.1	88.9
Knowledge sharing			
1	We have a work guide that can be accessed together.	26.7	73.3
2	Our leaders encourage open exchange of information.	16.7	83.3
3	Our leaders give us the freedom to express our ideas.	26.7	73.3
Average		23.3	76.7
Employee performance			
1	Our leaders push for higher work output than the average team standard.	20	80
2	Our leaders encourage completion of tasks according to the established schedule.	16.7	83.3
3	Our leaders encourage professional development through work.	20	80
Average		18.9	81.1

Source: Processed data, 2025

A pre-survey of 30 Bank Mandiri employees in Semarang City revealed that although the majority of respondents considered transformational leadership to be present in the organization, such as providing motivation (86.7%), encouraging innovation (93.3%), and providing space for self-development (93.3%), there were still respondents who expressed disagreement (6.7% - 3.3%), indicating a negative perception of some leader behaviors. In the aspect of the High-Performance Work

System, although 90% stated that there is regular training, and 93.3% stated that the career path is clear, there was still disagreement (6.7% - 16.7%), indicating an imbalance in perception of the training and evaluation system. In addition, in knowledge sharing, although the majority strongly agreed (73.3% - 83.3%), there were still up to 26.7% of respondents who felt they were not free to share ideas or access work guidance. Finally, in employee performance, around 20% of respondents felt they were not encouraged to achieve work results above standard or did not experience professional development.

Based on the pre-survey data, it shows a gap phenomenon. Although transformational leadership has been implemented and most employees respond positively to aspects of training, career paths, and performance encouragement, there is still an imbalance in perception among employees regarding the fairness of the evaluation system, openness in information sharing, and access to self-development. This discrepancy indicates that the existence of transformational leadership alone is not enough to encourage optimal employee performance. Therefore, efforts are needed to strengthen the high-performance work system (HWS) and a culture of knowledge sharing comprehensively, so that the influence of leadership can be distributed more evenly and have a real impact on improving individual and organizational performance.

Several previous studies examining the influence of transformational leadership on employee performance have yielded inconsistent results. Some studies found a positive and significant effect, while others concluded no significant effect. This inconsistency in findings indicates a relevant research gap requiring further exploration. The following table summarizes these discrepancies, reinforcing the urgency of further research in the context of banking organizations in Indonesia.

Table 3. Research Gap

Researchers	Hypothesis	Research result	*Research Gap*
Arous (2024)	Transformational leadership on employee performance	Transformational leadership significantly influences employee performance	
Udin (2023)	Transformational leadership on employee performance	Transformational leadership significantly improves employee performance	The role of transformational leadership does not consistently improve employee performance.
Ha and Hang (2024)	Transformational leadership on employee performance	Transformational leadership significantly improves employee performance	
Aljaddouih and Alkhraishi (2024)	Transformational leadership on employee performance	Transformational leadership has no effect on improving employee performance	
Du et al. (2023)	Transformational leadership on employee performance	Transformational leadership has no effect on improving employee performance	

Pham et al. (2025)	Transformational leadership on employee performance	Transformational leadership has no effect on improving employee performance

The novelty of this study is that, first, although the influence of transformational leadership on employee performance has been widely studied, the results still show inconsistencies, leaving a theoretical research gap that needs to be bridged. This study presents a High-Performance Work System and knowledge sharing as dual mediating variables, which simultaneously explain how transformational leadership influences employee performance through superior work systems and knowledge sharing behavior, an approach rarely used simultaneously in previous studies. Second, this study adopts leadership theory as a conceptual foundation to integrate managerial, systemic, and behavioral aspects, allowing for a more comprehensive examination of the influence pathways. Third, this study was conducted in the banking sector, specifically Bank Mandiri employees in Semarang City, which is undergoing organizational transformation and digitalization. This context provides a new empirical contribution because most previous studies were conducted in the health, education, or public sectors outside Indonesia. Therefore, this study not only addresses the theoretical gap but also provides a practical contribution in formulating HR development strategies based on leadership and work systems in the national banking industry.

Based on the problems encountered related to the phenomenon and gaps in previous literature regarding the inconsistent role of transformational leadership in improving employee performance, as well as employee performance that is still lacking, it is important to conduct a study on how to improve employee performance. Therefore, this study poses several research questions to guide the research process, namely:

1. Does transformational leadership affect employee performance?
2. Does transformational leadership influence high-performance work systems?
3. Does a high-performance work system affect employee performance?
4. Does a high-performance work system affect knowledge sharing?
5. Does knowledge sharing affect employee performance?
6. Is a high-performance work system able to mediate the influence of transformational leadership on employee performance?
7. Are high-performance work systems and knowledge sharing able to mediate the influence of transformational leadership on employee performance?

2. Theoretical Background

Transformational Leadership On Employee Performance

Transformational leadership encourages employees to deliver their best performance through role models, commitment to the organization's vision, and support in developing potential. When leaders actively engage in the process of improving competency and work motivation, employees are encouraged to work more effectively (Ha & Hang, 2024; Arous, 2024). Furthermore, leaders who are open to new ideas are able to create an innovative and productive work environment (Pham et

al., 2025; Suhana et al., 2024). By providing space for self-actualization and intensive guidance, leaders can also increase individual loyalty and responsibility (Zhang et al., 2025; Hailu, 2025).

H1: Transformational leadership has a positive impact on employee performance

Transformational Leadership Against High-Performance Work Systems

Transformational leadership also contributes to the development of high-performance work systems. Leaders who regularly and inspiringly communicate their vision can foster collective motivation and strengthen the organization's direction (Hailu, 2025; Hanafy et al., 2025). When this support is coupled with appropriate training, objective evaluations, and transparent career paths, a high-performance work system is created that can increase productivity (Zhong et al., 2024; Raziq et al., 2025).

H2: Transformational leadership has a positive impact on high-performance work systems.

High-Performance Work System On Employee Performance

HPWS itself significantly contributes to employee performance by providing a fair, transparent, and structured system. Through continuous training, objective-based evaluations, and rewards for superior performance, employees are motivated to contribute optimally (Park et al., 2023; Dorta-Afonso et al., 2025; Padamata & Vangapandu, 2023).

H3: High-performance work system has a positive impact on employee performance.

High-Performance Work System Regarding Knowledge Sharing

HPWS can also facilitate stronger knowledge sharing behavior in the workplace. Targeted training systems and career paths encourage information exchange, both vertically and horizontally, between individuals and work units (Abou-Al-Ross et al., 2024; Qamar et al., 2023). When employees feel valued and involved in organizational processes, they tend to be more active in sharing knowledge and work solutions (Arefin et al., 2022; Dorta-Afonso et al., 2025).

H4: High-performance work system has a positive impact on knowledge sharing.

Knowledge Sharing On Employee Performance

Knowledge sharing behavior has been shown to support individual and organizational performance. When organizations encourage the open exchange of information and ideas, it minimizes errors and increases the capacity to complete complex tasks (Mahajan et al., 2024; Hanafy et al., 2025). Collaboration based on trust and two-way communication strengthens team cohesion and work innovation (Nguyen et al., 2021; Raziq et al., 2025).

H5: Knowledge sharing has a positive impact on employee performance

High Performance Work System as a mediator of the influence of transformational leadership on employee performance

Transformational leadership not only directly impacts employee performance but also indirectly through the mediation of high-performance work systems. When leaders design work systems based on training, objective evaluation, and results-based rewards, employee productivity can be increased (Varshney & Varshney, 2024; Tran Huy, 2023; Vila-Vázquez et al., 2024).

H6: High-performance work system mediates the role of transformational leadership on employee performance.

High performance work system and knowledge sharing mediates the role of transformational leadership on Employee Performance

The effect of transformational leadership on performance is further strengthened when combined with the dual mediating roles of HPWS and knowledge sharing. Leaders who encourage involvement in training and encourage the exchange of ideas will create an adaptive and innovative work environment (Mahajan et al., 2024; Arefin et al., 2022). This process requires intensive communication, motivational support, and equitable incentives to generate and effectively implement new ideas (Ha & Hang, 2024; Tran Huy, 2022).

H7: High-performance work system and knowledge sharing mediate the role of transformational leadership on employee performance.

Research Framework

The theoretical framework describes the relationship between variables in this study as follows:
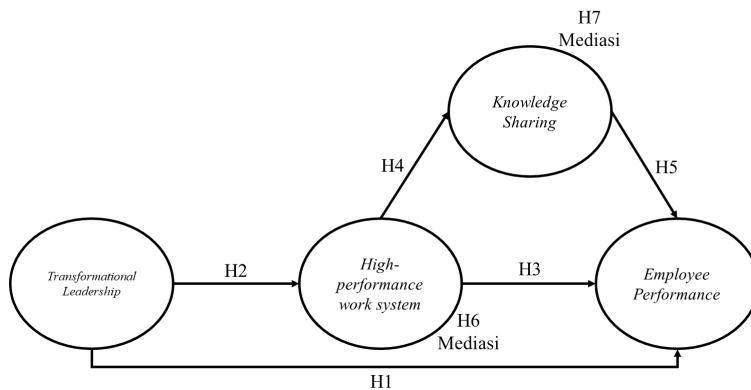

Figure 2. Theoretical Framework

3. Methodology

This study employs a quantitative approach with an explanatory research design aimed at examining the causal relationships among transformational leadership, high-performance work systems, knowledge sharing, and employee performance through field-based hypothesis testing. The data used in this study are primary data collected directly from respondents using a closed-ended questionnaire that captures employee perceptions of leadership style, work systems, knowledge-sharing behavior, and individual performance in the workplace. The population consists of all employees of Bank Mandiri in Semarang City, Central Java, totaling 200 employees, and the sampling technique applied is purposive sampling, with all members of the population included as research respondents. The sample selection criteria focus on permanent employees who have worked for at least two years, ensuring sufficient contextual understanding of organizational leadership and work systems. Data collection was

carried out using a questionnaire based on a five-point Likert scale, with measurement indicators adapted from previous validated studies. The questionnaires were distributed both directly and online to reach respondents across various work units within the organization.

4. Empirical Findings/Result

Overview of Respondent Identity
This study involved 200 respondents, all Bank Mandiri employees in Semarang. Prior to widespread distribution of the questionnaire, a pilot test was conducted on 30 respondents to ensure the clarity and validity of the questions. All items were deemed suitable for the main study. Based on gender, the majority of respondents were female (125 people) (62.8%), while 74 were male (37.2%). This composition indicates that female workers dominate the work units studied. In terms of age, the majority of respondents were in the 20–30 year range (156 people) (78.4%), followed by 39 people aged 31–40 years (19.6%), and the remaining 4 people aged 41–50 years (2%). This indicates that the majority of participants came from the early productive age group, which generally has a high level of adaptability and work enthusiasm. Based on their educational background, the majority of respondents (179 respondents, 89.9%) had a bachelor's degree (S1), followed by 19 (9.5%) with a master's degree (S2), and only 1 (0.5%) with a high school education. This reflects the high level of education that Bank Mandiri employees possess, supporting professionalism. Meanwhile, in terms of job title, the majority of respondents (184 people) were staff, with only 15 (7.5%) holding supervisory positions. This proportion reflects that the organizational structure at the operational level is still dominated by executive staff.

SEM Assumption Test
Data Normality Criteria
Fulfillment of the structural equation model assumptions implies reviewing the distribution of data normality by looking at the cr skewness and cr kurtosis values for each indicator with criteria of -2.58 to 2.58 with a significance level of 0.001 (Hair et al., 2019). This research began with data abnormalities, so the data normalization technique was applied with the formula "Xbaru=lg10(kX)", after applying this formula the data results became normal.(Tabachnick & Fidel, 2019).

Table 4. Normality Test of Structural Equation Model Data

Variable	min	max	skew	cr	kurtosis	cr
EP4N	,000	,845	,481	2,770	-,450	-1,295
EP8N	,000	,845	,763	4,392	-,398	-1,147
HPWS1N	,000	,845	,214	1,233	-,923	-2,659
HPWS2N	,000	,845	-,143	-,822	-,525	-1,511
HPWS5N	,000	,845	,231	1,333	-,701	-2,019
HPWS6N	,000	,845	-,090	-,516	-,812	-2,338
HPWS8N	,000	,845	-,347	-2,000	-,088	-,252
HPWS9N	,000	,778	-,308	-1,774	-,317	-,911
TL7N	,000	,845	-,434	-2,501	-,226	-,651

Variable	min	max	skew	cr	kurtosis	cr
TL8N	,000	,778	-,245	-1,410	-,037	-,107
EP3N	,000	,845	,360	2,075	-,158	-,456
EP11N	,000	,845	,401	2,310	-,498	-1,434
KSB8N	,000	,845	,040	,230	-,517	-1,489
KSB7N	,000	,845	,254	1,462	-,452	-1,301
KSB4N	,000	,845	,397	2,286	-,411	-1,183
KSB6N	,000	,778	,302	1,742	-,869	-2,503
KSB1N	,000	,845	,398	2,292	-,451	-1,300
KSB3N	,000	,845	,240	1,385	-,513	-1,476
TL12N	,000	,845	-,121	-,697	-,634	-1,826
TL11N	,000	,845	-,373	-2,150	-,698	-2,009
TL3N	,000	,845	,136	,785	-1,197	-3,448
TL1N	,000	,845	,357	2,057	-1,405	-4,045
TL6N	,000	,845	-,031	-,178	-,452	-1,303
TL4N	,000	,845	-,039	-,227	-,589	-1,697
Multivariate					**-6,978**	**-1,393**

Source: Processed data, 2025

The table above shows that the cr-skewness and cr-kurtosis values for each transformational leadership, high-performance work system, knowledge sharing, and employee performance indicator have met the threshold of -2.58 and 2.58, respectively, although some data are not normally distributed. However, this is sufficient because the majority of the normalized data indicates a normal distribution (Tabachnick & Fidel, 2019).

Outliers Test
The review of outliers in this study is seen from the output of AMOS software, namely multivariate outliers by considering the Mahalanobis distance obtained through the Microsoft Excel formula "=CHIINV(probability; deg_freedom)" and seeing the p1 value which is not less than 0.001 (Collier, 2020).

Table 5. Multivariate Outlier-Structural Equation Model Test

Observation number	Mahalanobis d-squared	p1	p2
79	45,835	,005	,603
192	40,165	,021	,917
3	37,750	,037	,978
117	37,552	,039	,950
120	37,081	,043	,932
...	...	...	...
132	23,960	,464	,325
6	23,945	,465	,284

Observation number	Mahalanobis squared	d-	p1	p2
171	23,778		,474	,329
31	23,770		,475	,284
128	23,759		,475	,244

In the table above, the multivariate outliers test is reviewed by comparing the Mahalanobis distance using Microsoft Excel software using the formula "=CHIINV(0.001;24)" which produces a value of 51.179. Based on this, the elimination that has been carried out previously resulted in data that does not indicate the presence of outliers. Furthermore, judging from the p1 value, each data produces a sufficient value or is not less than 0.001.

Model Feasibility Test
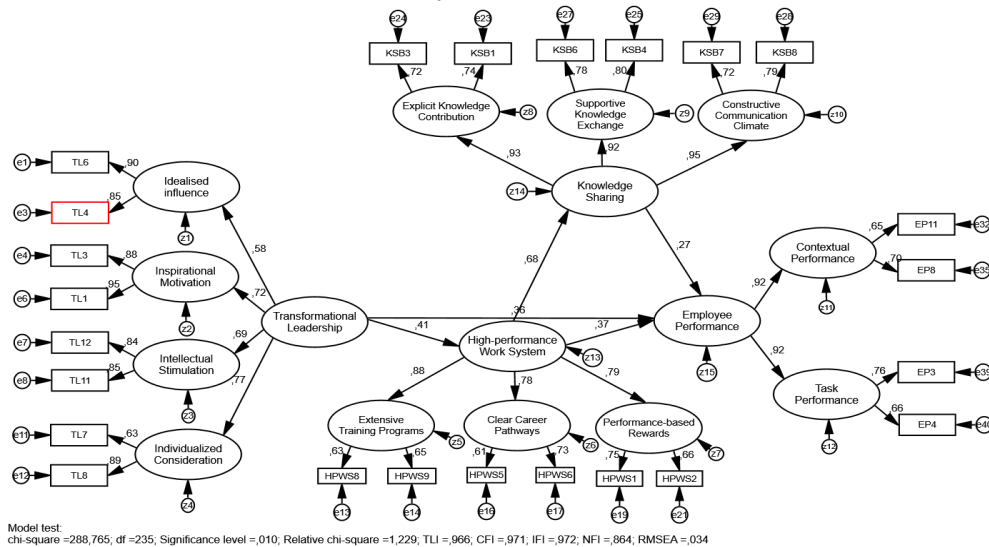The results of the full model feasibility test are as follows.

Model test:
chi-square =288,765; df =235; Significance level =,010; Relative chi-square =1,229; TLI =,966; CFI =,971; IFI =,972; NFI =,864; RMSEA =,034

Figure 3. Full Structural Equation Model Test

Table 6. Full Structural Equating Model Fit Test

Goodness of fit index	Cut-off value	Index value	Information
Chi-square	*Chi-square*significance table; 0.05 and df 235; 271,760	288,765	*Marginal fit*
Degrees of freedom (df)	-	235	-
Significance level	≥ 0.05	0.010	*Marginal fit*
Relative chi-square	≤ 2.00	1,229	*Good fit*
TLI	≥ 0.90	0.966	*Good fit*
CFI	≥ 0.90	0.971	*Good fit*
IFI	≥ 0.90	0.972	*Good fit*
NFI	≥ 0.90	0.864	*Marginal fit*

RMSEA	≤ 0.08	0.046	*Good fit*

As seen in the table and description above, the goodness-of-fit model test indicates that the statistical model still has poor fit. However, this is acceptable because the majority of non-statistical measures have good fit.(Hair et al., 2019).

Direct Hypothesis Testing

Direct hypothesis testing of transformational leadership and endogenous variables, namely high-performance work system, knowledge sharing and employee performance, is as follows.

Table 7. Testing the Direct Effect Hypothesis

Hypothesis	*Std. Estimate*	*Estimate*	*SE*	*CR*	*p*	**Information**
H1: Transformational leadership→employee performance	0.355	0.406	0.121	3,355	0.000	Accepted
H2:Transformational leadership→high-performance work system	0.405	0.359	0.104	3,464	0.000	Accepted
H3:High-performance work system→employee performance	0.367	0.473	0.200	2,362	0.018	Accepted
H4:High-performance work system→knowledge sharing	0.684	0.999	0.191	5,231	0.000	Accepted
H5:Knowledge sharing→employee performance	0.271	0.239	0.113	2,120	0.034	Accepted

Source: processed data, 2025

The results of hypothesis testing indicate that all proposed hypotheses are accepted, demonstrating significant relationships among the variables examined in this study. Transformational leadership is proven to have a positive influence on employee performance, indicating that leaders who inspire, motivate, and provide clear vision are able to enhance employees' work outcomes. In addition, transformational leadership also positively affects the implementation of high-performance work systems, suggesting that effective leadership plays a crucial role in shaping structured, supportive, and performance-oriented work systems. Furthermore, high-performance work systems are found to positively influence employee performance, highlighting the importance of well-designed human resource practices in improving individual productivity. These work systems also encourage knowledge sharing among employees, creating an environment that supports collaboration and the exchange of information. Finally, knowledge sharing itself has a positive effect on employee

performance, indicating that the dissemination and utilization of knowledge within the organization contribute to improved work effectiveness. Overall, these findings confirm that transformational leadership, supported by high-performance work systems and a strong knowledge-sharing culture, plays a vital role in enhancing employee performance.

Mediation Test

Based on the path and formula that was built, the hypothesis testing was carried out using bootstrapping 10,000.(Collier, 2020). The results are as follows.

Table 8. Mediation Test

Parameter	Direct Effect		Mediation Effect				Information
	Estimate	Conclusion	Estimate	Lower	Upper	p	
H6: Transformational leadership →high-performance work system→employee performance	0.355 (CR= 3.355; p= 0.000)	Accepted	0.170	0.014	0.565	0.030	Accepted
H7: Transformational leadership→high-performance work system→knowledge sharing→employee performance			0.086	0.003	0.284	0.042	Accepted

The results of the mediation test show that transformational leadership still has a significant direct influence on employee performance ($\beta = 0.355$; $p = 0.038$; CR = 3.355), thus indicating the presence of partial mediation by the variables of high-performance work system and knowledge sharing. The sixth hypothesis is proven to be accepted, where high-performance work system significantly mediates the effect of transformational leadership on employee performance ($\beta = 0.170$; $p = 0.030$). Similarly, the seventh hypothesis is also accepted, indicating that high-performance work system and knowledge sharing simultaneously are able to mediate the relationship ($\beta = 0.086$; $p = 0.042$).

5. Discussion

Transformational leadership has a significant influence on employee performance because it emphasizes inspirational motivation, intellectual stimulation, and individualized consideration. Leaders who communicate a clear and compelling vision, encourage creativity, and pay attention to individual employee development are able to foster higher levels of motivation, competence, and loyalty among employees. These conditions encourage employees to perform beyond formal job requirements and align their efforts with organizational goals. This finding is consistent with transformational leadership theory, which states that transformational leaders inspire employee enthusiasm and commitment that transcend personal interests for the benefit of the organization (Bass & Avolio, 1993; Lubis et al., 2022).

Empirical studies further support that this leadership style contributes to a positive work climate characterized by trust and engagement, which ultimately enhances employee performance (Mahajan et al., 2024).

Transformational leadership also plays a critical role in shaping high-performance work systems (HPWS) by embedding organizational values such as commitment, shared vision, and continuous development into human resource practices. Transformational leaders encourage organizations to invest in intensive training programs, establish clear and transparent career paths, and implement performance-based reward systems. Through this process, leadership values are institutionalized within structured work systems that support superior performance outcomes. This aligns with the perspective that transformational leadership acts as a strategic driver in aligning human resource systems with long-term organizational objectives (Bass & Riggio, 2006; Yi, 2023).

High-performance work systems significantly influence employee performance by providing employees with the skills, motivation, and opportunities needed to perform effectively. Training programs enhance employee competencies, transparent career paths strengthen commitment, and fair reward systems reinforce desired performance behaviors. When these elements are implemented consistently, employees are more likely to demonstrate higher efficiency, stronger loyalty, and voluntary contributions that go beyond their formal roles. These findings are in line with previous studies showing that HPWS serves as a strategic mechanism for improving individual and organizational performance (Siddiqui et al., 2024).

In addition, high-performance work systems positively affect knowledge sharing by creating an organizational environment that supports learning and collaboration. Continuous training helps build a shared knowledge base, while supportive career structures and reward mechanisms encourage employees to exchange information, ideas, and experiences. In this context, HPWS functions as a practical tool for translating collaborative values into everyday work practices and fostering a culture of open knowledge exchange within the organization (Yi, 2023).

Knowledge sharing, in turn, has a direct impact on employee performance by accelerating information flow, improving task effectiveness, and strengthening teamwork. When employees openly share knowledge, they are better equipped to solve problems, avoid duplication of work, and develop innovative solutions. This collaborative behavior also encourages employees to exert extra effort, thereby enhancing productivity and supporting the achievement of organizational goals (Mahajan et al., 2024).

Furthermore, high-performance work systems mediate the influence of transformational leadership on employee performance by providing a structured mechanism for implementing leadership values into concrete human resource practices. Through training, career development, and reward systems, HPWS ensures that the motivation and vision promoted by transformational leaders are sustainably embedded in organizational processes. This mediation highlights the role of HPWS

as a bridge that translates leadership influence into consistent performance outcomes (Siddiqui et al., 2024).

Finally, the simultaneous mediation of high-performance work systems and knowledge sharing strengthens the relationship between transformational leadership and employee performance. While HPWS establishes the formal structure of work systems, knowledge sharing enhances the transfer of expertise and reinforces collaboration among employees. The integration of these two mechanisms expands the impact of transformational leadership by creating an adaptive, collaborative, and performance-oriented work environment that supports optimal employee performance (Saif et al., 2024).

6. Conclusion

Based on the results of empirical testing, this study concludes that transformational leadership directly enhances employee performance through role modeling, inspirational vision, encouragement of creativity, and individualized support that foster dedication and work effectiveness. Transformational leadership also strengthens high-performance work systems (HPWS) by promoting a work culture that prioritizes training, transparent career development, and performance-based reward systems. In turn, HPWS positively contributes to employee performance by improving productivity, strengthening loyalty, and encouraging both individual and team contributions.

Furthermore, HPWS plays an important role in facilitating knowledge sharing by creating a collaborative and supportive work environment. A strong culture of knowledge sharing accelerates the transfer of skills and expertise, builds mutual trust, and supports proactive work behaviors that lead to improved employee performance. Through continuous interaction and learning, employees are better equipped to respond to work challenges and contribute effectively to organizational goals.

The findings also demonstrate that HPWS mediates the relationship between transformational leadership and employee performance by translating leadership values into concrete and sustainable work practices. Moreover, the combined mediation of HPWS and knowledge sharing amplifies the influence of transformational leadership by enhancing work effectiveness, collaboration, and innovation. This synergy ensures that leadership impact is not limited to direct interactions but is embedded within organizational systems and collective behaviors.

Despite these contributions, this study has several limitations. The research focuses on a single independent variable and is limited to employees of Bank Mandiri in Semarang City, which may restrict the generalizability of the findings across different organizational contexts and industries. In addition, the study relies primarily on leadership theory to explain the observed relationships. Therefore, future research is encouraged to incorporate additional independent variables, expand the research setting to multiple organizations or sectors, and apply alternative theoretical

perspectives to enrich understanding of employee performance, including variables such as innovative work behavior, work engagement, and team collaboration.

References

Abou-Al-Ross, S. A., Abualigah, A., Barbar, J., Kundi, Y. M., & Dahleez, K. A. (2024). High-performance work systems and employee voice behavior: A sequential mediation analysis. *Evidence-Based HRM: A Global Forum for Empirical Scholarship*. https://doi.org/10.1108/EBHRM-07-2024-0252

Abugre, J. B., & Nasere, D. (2020). Do high-performance work systems mediate the relationship between HR practices and employee performance in multinational corporations in developing economies? *African Journal of Economic and Management Studies, 11*(4), 541–557.

Aljaddouih, H. N., & Alkhraishi, M. Y. (2024). Impact of leadership style on employee performance and job satisfaction among Jordanian physiotherapists. *Asia Pacific Journal of Health Management*.

Almadana, A. V., Suharnomo, S., & Perdhana, M. S. (2022). Work engagement through social exchange mechanisms: Does the role of knowledge-sharing behavior matter? *VINE Journal of Information and Knowledge Management Systems, 55*(1), 135–145. https://doi.org/10.1108/VJIKMS-05-2022-0149

Alrowwad, A. A., Abualoush, S. H., & Masa'deh, R. E. (2020). Innovation and intellectual capital as intermediary variables among transformational leadership, transactional leadership, and organizational performance. *Journal of Management Development, 39*(2), 196–222.

Arefin, M. S., Faroque, O., Zhang, J., & Long, L. (2022). High-performance work systems and organizational citizenship behavior: The role of goal congruence and servant leadership. *International Journal of Emerging Markets, 18*(11), 5432–5453. https://doi.org/10.1108/IJOEM-03-2019-0209

Arous, J. A. (2024). The impact of transformational leadership on employee performance in diverse work environments: A field study on Saudi university employees. *Pakistan Journal of Life and Social Sciences, 22*(2).

Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology, 51*(6), 1173–1182.

Bartram, T., Cooper, B., Cooke, F. L., & Wang, J. (2020). High-performance work systems and job performance: The mediating role of social identity, social climate, and empowerment in Chinese banks. *Personnel Review, 50*(1), 285–302. https://doi.org/10.1108/PR-08-2019-0425

Bass, B. M. (1995). Theory of transformational leadership redux. *The Leadership Quarterly, 6*(4), 463–478.

Bass, B. M., & Avolio, B. J. (1990). Developing transformational leadership: 1992 and beyond. *Journal of European Industrial Training, 14*(5).

Bass, B. M., & Avolio, B. J. (1993). Transformational leadership and organizational culture. *Public Administration Quarterly, 17*(1), 112–121.

Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Lawrence Erlbaum Associates.

Bentler, P. M., & Bonett, D. G. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin, 88*(3), 588–606.

Byrne, B. M. (2016). *Structural equation modeling with AMOS: Basic concepts, applications, and programming* (3rd ed.). Routledge.

Caliskan, A., & Koroglu, E. O. (2022). Job performance, task performance, contextual performance: Development and validation of a new scale. *Uluslararası İktisadi ve İdari Bilimler Dergisi, 8*(2), 180–201.

Chen, M., Mi, X., Xue, J., Li, Y., & Shi, J. (2023). The impact of entrepreneurial team psychological capital on innovation performance: The mediating role of knowledge sharing and knowledge hiding. *Frontiers in Psychology, 14*, 1133270.

Collier, J. E. (2020). *Applied structural equation modeling using AMOS: Basic to advanced techniques*. Routledge.

De Clercq, D., & Pereira, R. (2020). Knowledge-sharing efforts and employee creative behavior: The invigorating roles of passion for work, time sufficiency, and procedural justice. *Journal of Knowledge Management, 24*(5), 1131–1155.

Ferdinand, A. (2019). *Structural equation modeling in management research* (2nd ed.). BP UNDIP.

Ferdinand, A. T. (2014). *Management research methods: Research guidelines for writing theses and dissertations* (5th ed.). Diponegoro University Press.

Ferdinand, A. T., & Zuhroh, S. (2021). A study on socio-aesthetic value accentuation and marketing performance: An SDL perspective. *International Journal of Innovation Science, 14*(2), 213–229. https://doi.org/10.1108/IJIS-11-2020-0255

Forbes. (2025). *The best banks in the world*.

George, D., & Mallery, P. (2024). *IBM SPSS statistics 29 step by step: A simple guide and reference*. Routledge.

Ha, H. D., & Hang, H. T. T. (2024). The impact of transformational leadership on employee performance in the Vietnamese banking industry. *Journal of Organizational Behavior Research, 9*(2), 12–27.

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.

Jaroliya, D., & Gyanchandani, R. (2021). Transformational leadership style: A boost or hindrance to team performance in the IT sector. *Vilakshan – XIMB Journal of Management, 19*(1), 87–105. https://doi.org/10.1108/XJM-10-2020-0167

Mahajan, V., Sharma, J., Singh, A., Bresciani, S., & Alam, G. M. (2024). Knowledge sharing behavior of service sector employees to achieve sustainable development goals. *Journal of Knowledge Management, 28*(8), 2253–2274.

Siddiqui, S., Muduli, A., & McLean, G. N. (2024). Training transfer climate: Examining the role of high-performance work systems and organizational performance. *Benchmarking: An International Journal, 28*(1), 291–306.

Saif, N., Ruben, B. D., & Gigliotti, R. A. (2024). Explaining incongruities between leadership theory and practice. *Leadership & Organization Development Journal, 42*(6), 942–957.