



## The Influence of Authentic Leadership On Employee Performance Through Employee Involvement In Lawu Tirta Regional Public Water Companies, Magetan District

*Yeny Yustiarini, Anang Kistyanto, Dewie Tri Wijayati Wardoyo*

*Universitas Negeri Surabaya*

\*Correspondence: E-mail: [yeny.23108@mhs.unesa.ac.id](mailto:yeny.23108@mhs.unesa.ac.id)

### ABSTRACT

This research aims to examine the influence of authentic leadership on the performance and examine the mediating role of employee engagement on employee performance of employees of the Lawu Tirta Regional Public Water Company, Magetan Regency. This research uses a quantitative approach with Partial Least Squares structural equation modeling (PLS- SEM) to predict and confirm the given hypothesis. This research uses a Google form to collect data on employees of the Lawu Tirta Regional Public Water Company, Magetan Regency. Respondents in this study were 114 respondents. The research results show that authentic leadership has a positive and significant influence on employee engagement. Furthermore, authentic leadership has a significant positive influence on employee performance. Employee engagement has a significant influence on employee performance. And authentic leadership has a positive and significant effect indirectly through employee involvement on employee performance at the Lawu Tirta Regional Drinking Water Company, Magetan Regency.

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## **1. INTRODUCTION**

Authentic leadership in the era of globalization, as a phenomenon that has dominated the business and organizational scene throughout the world, has brought profound changes in the way companies operate and compete. In this era, companies are faced with complex challenges involving global market dynamics, technological developments, and changes in consumer patterns. In facing these challenges, effective leadership is the key to maintaining competitiveness and ensuring business continuity. One leadership paradigm that is increasingly being discussed and recognized globally is authentic leadership (Kaya & Karatepe, 2020; Novitasari et al., 2020). Authentic leadership creates the foundation for understanding and responding to changes in a rapid and complex business environment. Integrity, honesty and personal involvement of the leader with his team members are the main points in this concept.

First of all, integrity is the main foundation of authentic leadership. Authentic leaders demonstrate honesty and consistency in their actions and decisions. In the context of globalization, leader integrity helps build trust, both from within the company and from external stakeholders, such as customers and international business partners (Daraba et al., 2021; Hadian Nasab & Afshari, 2019). Second, honesty plays a crucial role in forming an authentic leadership identity. Honest leaders not only speak according to facts, but are also open to feedback and criticism.

In the age of information and transparency, honesty is a highly valued value, creating an environment where clear and open communication can thrive. Third, the leader's personal involvement with his team members creates a strong relationship between the leader and subordinates. Authentic leadership becomes a kind of moral and operational guide for companies operating amidst the dynamics of globalization (Hadian Nasab & Afshari, 2019; Kaya & Karatepe, 2020). Authentic leaders not only manage change and complexity, but also foster an atmosphere where employees are motivated to make their maximum contribution and feel heard and valued. Involving integrity, honesty and personal involvement, authentic leadership forms a solid foundation for responding to business challenges that continue to develop in this global era. In addition, authentic leadership relationships have personal involvement helping bridge geographic and cultural gaps. Authentic leadership is not only transactional, but also transformational, motivating and inspiring team members to achieve common goals (Goestjahjanti et al., 2020; Novitasari et al., 2020).

At the local level, the Lawu Tirta Regional Public Drinking Water Company in Magetan Regency faces specific challenges in improving employee performance. This challenge not only originates from the internal dynamics of the organization and work culture, but is also influenced by the local work environment which requires in-depth understanding. Organizational dynamics that may be more complex in local government environments can be an obstacle to employee efficiency and motivation. In this context, authentic leadership, with a focus on integrity and personal involvement, is expected to help overcome these organizational obstacles, creating a supportive and rewarding environment for employees. Additionally, the distinctive local work culture can have a significant impact on employee motivation and commitment. Authentic leadership that is able to understand and respect local values can create a work climate where employees feel accepted and treated fairly,

increasing job satisfaction and productivity. Furthermore, the local work environment in Magetan Regency may have characteristics that require special adaptations in leadership approaches. By investigating the extent to which authentic leadership can play a role in improving employee performance in this local context, this research is expected to provide in-depth insight into the implementation of global leadership concepts at a very local level. It is hoped that the results of this research can be the basis for developing leadership strategies that are more effective and appropriate to the unique context of regional public companies such as LawuTirta Drinking Water in Magetan Regency.

However, in reality, implementing authentic leadership can encounter a number of challenges that can hinder its effectiveness. Resistance from internal parties, such as employees or organizational structures that are used to conventional leadership styles, can be a major obstacle. A lack of understanding of the concept of authentic leadership, both by leaders and by team members, can also be a significant obstacle (Duarte et al., 2021; Kaya & Karatepe, 2020; Purwanto et al., 2021). Other factors, such as a rigid organizational culture or incompatibility with the local work environment, can also limit the success of implementation. Therefore, it is necessary to conduct research that focuses on the context of regional drinking water organizations in Magetan Regency to understand in depth the internal and external dynamics that can influence the implementation of authentic leadership.

Through this research, it is hoped that specific strategies and solutions can be identified that can help overcome these challenges, so that the implementation of authentic leadership can be more effective and in accordance with the unique needs of organizations at the local level. Implementation of authentic leadership certainly has various strategies for implementing authentic leadership, employee engagement, and performance improvement are an overall integrated approach to achieving organizational goals effectively.

First of all, authentic leadership will be applied as the main foundation (Novitasari et al., 2020; O'Connor & Crowley-Henry, 2019; Semedo et al., 2019). Leaders will prioritize integrity, honesty, and personal engagement with their team members. By serving as role models, leaders will create an organizational culture that emphasizes these values. Second, to increase employee involvement, participative strategies will be adopted. Leaders will encourage open dialogue, provide a platform for the exchange of ideas, and provide space for employees to contribute to decision making. Training and development programs will be strengthened to ensure employees have the necessary skills and feel empowered to actively participate in achieving common goals. Third, in achieving increased employee performance, focus will be given to a deep understanding of individual needs and motivation. This approach involves developing a comprehensive performance evaluation program, providing constructive feedback, and providing appropriate rewards (Daraba et al., 2021; Hadian Nasab & Afshari, 2019; Kaya & Karatepe, 2020). Leaders will work with employees to set achievable goals, provide needed support, and recognize positive contributions. By integrating these strategies, regional drinking water organizations in Magetan Regency are expected to achieve higher levels of effectiveness and efficiency. Implementing authentic leadership, employee involvement and improving performance is a holistic step that not only strengthens internal collaboration but also improves the quality of services provided to the community. This overall strategy will form a strong foundation for the company's growth and sustainability at the local level.

Authentic leadership has a very important role in improving employee performance at regional drinking water companies in Magetan. First of all, authentic leadership places integrity and honesty as the main principles, creating a foundation of trust between leaders and employees (Goestjahjanti et al., 2020; Novitasari et al., 2020; Purwanto et al., 2021). In the context of drinking water companies, where the responsibility for clean water services is very large, leader integrity is the key to ensuring the reliability and quality of clean water services provided to the community.

In addition, authentic leadership encourages the leader's personal involvement with his team members. In drinking water companies, where the sustainability of providing clean water and responsibility for technical problems are crucial, the involvement of personal leaders can help build motivation and responsibility among employees. Authentic leaders who are actively involved in problem solving and joint decision making can increase operational efficiency and stimulate team collaboration (Daraba et al., 2021; Hadian Nasab & Afshari, 2019; Kaya & Karatepe, 2020; Novitasari et al., 2020). Furthermore, an inclusive and supportive environment in the workplace is created by true leadership. In regional water utilities, where teams may consist of a variety of roles, including technical, operator, and administrative experts, an environment that supports diversity and understands local values can increase employee satisfaction and motivation. Authentic leaders who are able to appreciate differences and build strong relationships with each team member can create a positive atmosphere that contributes to employee well-being.

Authentic leaders provide inspiration and motivation for employees to achieve common goals. In the context of drinking water companies, where clean water availability is the main focus, this motivation can create a high commitment to providing quality services to the community. Authentic leadership helps create a clear vision and provides strong direction, moving employees toward achieving company goals. Thus, authentic leadership is not only about a morally strong leadership model, but is also the key to establishing a work culture that encourages high performance, motivation and employee engagement. In the context of regional drinking water companies in Magetan, where providing clean water services is very important, authentic leadership is the foundation for achieving operational excellence and providing maximum benefits to the community.

Employee involvement has a very important role in improving performance at regional drinking water companies in Magetan. First of all, employee engagement creates a positive and productive work climate. In the context of clean water supply services, where tasks can involve a variety of roles, from technical experts to administrative personnel, employee involvement ensures that each team member feels valued and has a significant role. This creates a collaborative atmosphere where individual ideas and skills can contribute optimally (Duarte et al., 2021; Goestjahjanti et al., 2020; O'Connor & Crowley-Henry, 2019; Purwanto et al., 2021).

Furthermore, employee engagement is closely related to the level of motivation and job satisfaction. In drinking water companies, where technical demands and responsibility for clean water services can be quite high, high levels of association can increase worker inspiration to provide top-level input. Employees' levels of satisfaction and dedication can increase when they are made to feel that they are part of the decision-making or policy-making process and that their contributions are valued. Additionally, team communication

and collaboration are facilitated by employee engagement. In regional water companies, where good coordination and communication between various departments and functions is essential, involvement creates positive working relationships. Actively engaged teams tend to be more open to collaboration, sharing knowledge, and solving problems together. This can improve operational efficiency and responsibility for complex tasks.

On the other hand, employee engagement can increase retention rates and reduce turnover. In regional water companies, where technical expertise and knowledge of local communities are important factors, retaining engaged and dedicated employees is invaluable (Duarte et al., 2021; Hadian Nasab & Afshari, 2019; Kaya & Karatepe, 2020). Employees who feel engaged are more likely to remain loyal to the company, reducing the costs and time associated with training and recruiting. Thus, employee involvement at the regional drinking water company in Magetan is not only a determining factor in individual satisfaction, but also a major driver of the company's overall performance and success. By creating a work environment that supports engagement, regional water utilities can improve their operational efficiency, service quality and positive contributions to society.

Authentic leadership plays a crucial role in improving employee performance at regional drinking water companies in Magetan, especially when employee engagement is considered as a mediating variable. First of all, authentic leadership creates a foundation of trust and integrity between leaders and employees. This can create a climate where employees feel safe and valued, which is an important factor for increasing engagement. Authentic leadership also stimulates employee engagement by motivating and supporting them personally. Authentic leaders who are willing to be involved in employees' personal and professional lives can build strong relationships, inspire self-confidence, and stimulate a sense of responsibility for performance (Daraba et al., 2021; Sahni, 2021; Semedo et al., 2019). This provides a strong foundation for employee engagement, where they feel they have an important role in achieving the goals of the regional water organization.

Furthermore, authentic leadership creates an inclusive and supportive work environment, which is a key factor in increasing engagement. Authentic leaders who understand and value diversity in their teams can create an atmosphere where every employee feels welcome and valued. This environment provides extra encouragement for employees to actively participate in organizational activities and contribute optimally. In the context of mediation, employee engagement can serve as a bridge between authentic leadership and improved performance. Authentic leaders who drive engagement effectively can lead to more engaged employees, which in turn increases motivation and commitment. Employees who are actively involved tend to show higher performance because they feel connected to the company's goals and have a meaningful role (Duarte et al., 2021; Lai et al., 2020; Rasool et al., 2021).

As a result of the positive interaction between authentic leadership, employee engagement, and improved performance, regional drinking water companies in Magetan can experience great benefits. Highly engaged employees can make maximum contributions to operational efficiency, better public services, and the achievement of overall organizational goals. Therefore, authentic leadership plays a central role in building a foundation that supports employee involvement, which will ultimately improve the performance and success of regional drinking water companies in Magetan.

Based on the description above, a research gap appears, although authentic leadership and employee involvement have been widely researched, specific research in the context of regional public water companies at the local level, especially in Magetan Regency, is still limited. Some previous research may focus on certain businesses or industries, but there has been no in-depth research on the impact of authentic leadership on employee engagement and performance in regional drinking water companies at the local level. The unique factors influencing public sector enterprise dynamics at the regional level create the need for further investigation. This research aims to fill this knowledge gap by investigating the implementation of authentic leadership in a regional drinking water company in Magetan Regency and its impact on the level of employee engagement and performance. By emphasizing this local context, this research is expected to make a significant contribution to the understanding of the dynamics of leadership and employee engagement in the public service sector at the local level.

The novelty of this research lies in its focus on regional drinking water companies in Magetan Regency and the implementation of authentic leadership at the local level. This research provides valuable insights for practitioners and decision makers in the area, by providing concrete guidance on how authentic leadership can improve employee performance in the context of clean water service sector companies. The findings of this research can also be a basis for developing policies or management initiatives at the regional level, contributing to improving leadership practices and performance of regional drinking water companies, as well as providing a positive impact on clean water services and the welfare of local communities.

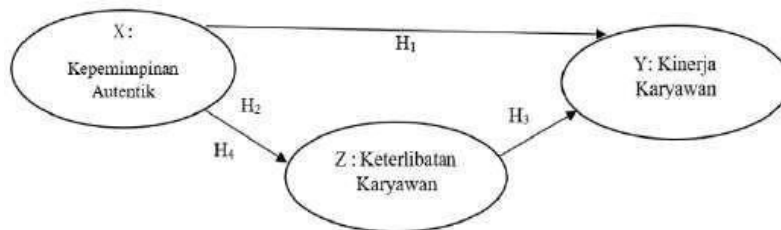
The urgency of this research arises from the urgent need to improve the performance of regional drinking water companies, with the main aim of providing optimal clean water services to the community. As a vital service provider that directly influences the welfare of the community, the regional drinking water company in Magetan Regency has a big responsibility in meeting the population's basic need for clean water. Authentic leadership is considered an effective instrument to achieve this goal, as the concept not only encourages honesty and integrity of leaders, but also stimulates employee engagement. With strong involvement, it is hoped that employees will be more dedicated to improving operational efficiency and service to the community. Therefore, this research is important as a first step to identify the extent to which the implementation of authentic leadership can have a positive impact on the performance of regional drinking water companies, and how this can be implemented effectively to improve clean water services to the people of Magetan Regency. The success of this research will not only provide valuable insights for regional water company management, but can also have significant positive implications for the welfare of society as a whole.

By detailing the urgency of this research, it is hoped that it can provide significant practical implications for the management of regional drinking water companies in Magetan Regency as well as related parties in efforts to increase leadership effectiveness and employee performance. The findings from this research can provide direct guidance for designing authentic leadership strategies that better suit the dynamics of public sector organizations at the local level. In addition, the results of this research are expected to provide a theoretical contribution to the development of the concept of authentic leadership in local contexts,

especially in the public service sector. Thus, this research will not only provide valuable insights for regional water company practitioners, but can also enrich the authentic leadership literature with a more contextual and up-to-date perspective. Overall, the practical and theoretical implications of this research are expected to create a sustainable positive impact in improving the quality of leadership and performance of regional drinking water companies at the local level.

## 2. METHOD

This research will use a type of quantitative research that seeks to understand the relationship between factors through a system of thought which is then realized in the form of a hypothesis (Creswell, 2019). This research will also generally explain, measure, control a problem quantitatively. The following is the conceptual framework of this research:



Source: Researchers, 2024

Population Which used in this research are permanent employees at the Company General Area Water Drink Lawu Tirta Regency Magetan amount 160 employees. Based on calculations using the Slovin formula, the minimum sample size required for this study was 114 respondents. Data collection was carried out through a questionnaire using a Likert scale. This research was carried out by analyzing the data and then grouping it according to predetermined variables. Next, data from each concentrated factor will be presented so that calculations can be completed to test speculation. Therefore, the statistical software SmartPLS 3.3.3, Structural Equation Model (SEM) with the Variance Based SEM approach or better known as Partial Least Square (PLS) will be used in the data analysis method for this research.

## 3. RESULTS AND DISCUSSION

### Results

#### a. Evaluation of the Measurement Model (outer model)

The measurement model or also known as the outer model, aims to evaluate the validity and dependability of the model. The measurement model was evaluated by evaluating convergent, discriminant and composite validity, as discussed in chapter III previously.

The convergent validity test of reflective indicators with the SmartPLS 3.0 program can be seen from the loading factor value for each construct indicator. The rule of thumb used in this research refers to a loading factor value > 0.70. The discriminant validity test is related to the principle that the manifest variables of different constructs should not be highly correlated. The way to measure discriminant validity is by looking at the cross loading value for each variable which must be > 0.70. Furthermore, the AVE (average variance extracted) value or

average variance extract must be  $> 0.5$ . Conversely, if the AVE value  $< 0.5$  then it does not meet convergent validity. The PLS-SEM composite reliability test with SmartPLS 3.0 can be done in two ways: (1) by looking at the Cronbach's Alpha ( $\alpha$ ) value, where for confirmatory research the  $\alpha$  value is  $> 0.70$ , and (2) by looking at the composite reliability (CR) value  $> 0.70$ .

**Table 1. Outer Model Estimation**

Construct	Items	$\lambda$	$\alpha$	CR	AVE
Leadership Authentic (X1)	X1	0.975	0.985	0.988	0.915
	X2	0.983			
	X3	0.710			
	X4	0.993			
	X5	0.987			
	X6	0.992			
	X7	0.981			
	X8	0.996			
Engagement Employee (Z)	Z1	0.971	0.991	0.992	0.941
	Z2	0.986			
	Z3	0.952			
	Z4	0.980			
	Z5	0.984			
	Z6	0.973			
	Z7	0.946			
	Z8	0.964			

Based on Table 1, it can be seen that the loading factor value of each statement indicator item in all variables shows that the results are  $> 0.7$ . This shows that these indicators can be said to be valid.

The results of table 1 show that the Authentic Leadership variable has 8 statements which are the result of developing studies of relevant literature and reputable international journals. Based on the convergent validity test using SmartPls 3.0 software, 8 indicators for the Authentic Leadership variable were obtained which had loading factors in the range 0.710-0.996  $> 0.70$ . Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et. all. (2013), the 8 indicator items in the Authentic Leadership variable meet convergent validity.

Furthermore, in the Employee Engagement variable, based on table 1, the results of the outer model show that the Employee Engagement variable originally had 8 statement indicator items which were the result of developing a study of relevant literature and reputable international journals. Based on the convergent validity test using SmartPls 3.0 software, 8 indicator items for the Employee Engagement variable were obtained which had loading factors in the range 0.952-0.986  $> 0.70$ . Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et



al. (2013), the 8 indicator items in the Employee Engagement variable meet convergent validity.

Furthermore, the Employee Performance variable has a value from the outer model in table 1. It is known that the Employee Performance variable has 5 statement indicators which are the result of developing a study of relevant literature and reputable international journals. Based on the convergent validity test using SmartPLS software

3.0 obtained 5 indicator items for the Employee Performance variable which had a loading factor in the range 0.740-0.991 > 0.70. Thus, referring to the opinions of Chin (1998), Chin (2010) and Hair, et al. (2013), the 5 indicator items in the Employee Performance variable meet convergent validity.

#### 1. Composite Reliability

According to Ghozali and Latan (2015), construct reliability is shown by a composite reliability value greater than 0.7. The values in Table 4.1 show that the Authentic Leadership, Employee Engagement, and Employee Performance variables have high reliability because they all meet the Composite Reliability requirement > 0.7.

#### 2. Average Variance Extracted (AVE)

According to Ghozali and Latan (2015), an Average Variance Extracted (AVE) value of greater than 0.5 indicates that the instrument is reliable. The Authentic Leadership, Employee Engagement, and Employee Performance variables in the measurement model evaluation have good discriminant validity because all values in Table 4.1 meet the AVE requirement > 0.5.

#### 3. Cronbach Alpha

According to Ghozali and Latan (2015), a value is considered reliable if its Cronbach alpha is greater than 0.7. Based on Table 1, all values meet the Cronbach Alpha requirements, namely >0.7, which indicates that the Employee Performance, Employee Engagement and Authentic Leadership variables have a relatively high level of reliability.

#### b. Discriminant Validity

Discriminant validity is a cross stacking factor value which is useful for seeing whether a development variable has a satisfactory discriminant, namely by comparing the stack value of the planned build variable which should be greater than the stack value with other builds (Hussein, 2015; Ghozali and Latnan, 2015). The cross-loading value is more than 0.70, which indicates that these variables meet the discriminant validity used in the discriminant validity test. (Fornell, 1988; Chin, 2009; Hair, et.all., 2013).

**Table 2. Discriminant Validity**

	Authentic Leadership	Employee Engagement	Employee performance
Authentic Leadership	0.957		
Employee Engagement	0.979	0.970	
Employee performance	0.842	0.910	0.942

Based on Table 2, it can be seen that the discriminant validity results referring to the Fornell-Larscher criteria show that the variables Authentic Leadership, Employee Involvement and Employee Performance meet discriminant validity.

#### **Structural Model (Inner Model)**

Coefficient of Determination (R<sup>2</sup>)

According to Ghozali and Latan (2015), the magnitude of the influence of exogenous variables on endogenous variables is described by the size of R<sup>2</sup>. The model is said to be strong, moderate, or weak if the R<sup>2</sup> value is 0.75, 0.50, or 0.25, respectively.

**Table 3. Determinant Coefficient Values**

	<b>R Square</b>	<b>Adjusted R Square</b>
<b>Employee Engagement</b>	0.958	0.957
<b>Employee performance</b>	0.885	0.883

Based on Table 3, the employee engagement variable (Z) has an R-square value of 0.958, which shows that the authentic leadership variable can have an influence on results of 95.8%, while other variables outside the research have an influence on the remaining 4.2%. The Employee Performance variable (Y) has an R-square value of 0.885, which shows that the variables authentic leadership and employee involvement have an influence of 88.5 percent on the Employee Performance variable (Y), while other variables outside those studied have an influence. by 11.5 percent. Structural equations are improved when the R-Square value is higher because the independent variable has a greater capacity to explain the dependent variable.

## 2. Predictive Relevance (Q<sup>2</sup>)

According to Ghozali and Latan (2015), Predictive relevance or Q<sup>2</sup> measures the model's ability to produce observed values and estimate parameters accurately. A Q<sup>2</sup> value of greater than or equal to 0 indicates that the model has predictive relevance, while a Q<sup>2</sup> value of less than or equal to 0 indicates that the model has no predictive relevance. Q<sup>2</sup> is the basis for the criteria for model strengths and weaknesses, namely 0.35 for a strong model, 0.15 for a medium model, and 0.02 for a weak model. The Q<sup>2</sup> calculation is as follows:

$$\begin{aligned} Q^2 \text{ value} &= 1 - (1 - R^2) \times (1 - R^2) \\ &= 1 - (1 - 0.958) \times (1 - 0.885) \\ &= 1 - (0.042) \times (0.114) \quad Q^2 \text{ value} = 0.995212 \end{aligned}$$

The calculation results show that the Q<sup>2</sup> value is 0.99, meaning that the structural model is able to explain 99 percent of the diversity of research data, while other factors outside the model are able to explain the remaining 1%.

In this section, the research results are comprehensively described in the form of discussions and discussions. Furthermore, in this chapter the discussion is based on empirical findings, theory, as well as a number of previous studies that are relevant and support this research. The discussion in this section aims to provide an explanation of the suitability of the relationship between each dependent variable and the independent variables and will describe the results of testing four hypotheses that have been processed through path analysis with the following explanation:

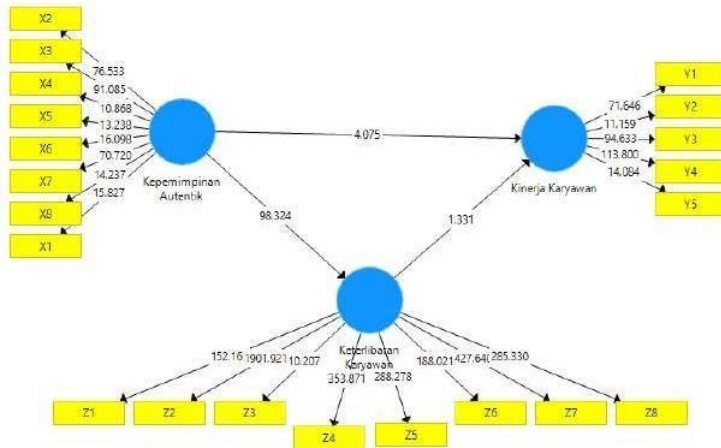


Figure 1. Structural equation modeling calculations

	Relationships	$\beta$	T-value	P-values	Decision
H1	Authentic Leadership -> Employee Engagement	0.979	109,757	0,000	Confirmed
H2	Authentic Leadership -> Employee performance	-1,156	2,105	0.036	Not Confirmed
H 3	Involvement Employee -> Performance Employee	2,042	3,940	0,000	Confirmed
H 4	LeadershipAuthentic -> Involvement Employee -> Performance Employee	1,998	3,988	0,000	Mediation

1. The influence of authentic leadership on employee involvement at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency

The influence of authentic leadership on employee engagement at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. Based on the research results, it is known that the proof of the first research hypothesis is demonstrated by the variable Authentic Leadership which has a positive and significant influence on employee involvement at the Lawu Tirta Regional Drinking Water Company, Magetan Regency. This is evident from the highest questionnaire results in the statement "leaders who consistently analyze data before making decisions". By prioritizing transparency, integrity and honesty, authentic leaders are able to create a work environment that is supportive and full of trust. When leaders analyze data in depth, they demonstrate a commitment to decision making that is based on facts and evidence, not assumptions or intuition alone.

This approach not only increases employee confidence in the decisions taken, but also encourages their involvement in various company processes and activities. Employees feel appreciated and cared for, so they are motivated to contribute more actively and productively. Thus, authentic leadership that prioritizes data analysis before making decisions

can significantly increase employee involvement, creating a positive and sustainable work culture at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. These results are in line with previous research conducted by (Audet et al., 2019; Béchar & Grégoire, 2020; Ghina, 2019; Hopp & Sonderegger, 2019), with the results of their research. Authentic leadership has become an increasingly relevant topic in human resource management and organizational research. Studies show that authentic leadership, characterized by transparency, high morality, balance of information, and sincerity of relationships with employees, has a significant positive impact on employee engagement. According to research conducted by Gardner et al. (2021), authentic leadership increases employees' sense of trust and commitment to the organization, which in turn increases employee engagement. Similar research by Avolio et al. (2022) found that authentic leaders are able to create a supportive and inclusive work environment, which is important in increasing employee motivation and participation in organizational tasks.

In the context of the Lawu Tirta Regional Public Water Company, Magetan Regency, authentic leadership plays a crucial role in motivating employees to be more involved in their work. A local study by Prasetyo et al. (2023) revealed that employees in this company showed higher levels of engagement when they perceived honesty and sincerity from management. The results of this study are consistent with broader findings in the literature showing that authentic leadership not only increases employee engagement but also contributes to better organizational performance. Thus, strengthening authentic leadership practices can be an effective strategy for the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency to increase the involvement and productivity of its employees.

## 2. The influence of authentic leadership on employee performance at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency

The influence of authentic leadership on employee performance at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. Based on the results of proving the Second Hypothesis, it is known that the authentic leadership variable does not have a significant positive influence on employee performance. Although authentic leadership is usually considered to have a positive impact, in the context of the Lawu Tirta Regional Public Water Company, Magetan Regency, research shows that authentic leadership does not have a significant positive influence on employee performance. One factor that might explain this finding is that "even though leaders have tried hard to resolve every work-related problem", this is not necessarily directly proportional to increased employee performance.

High dedication and commitment from leaders in solving problems may help create a stable work environment, but this does not always motivate employees to improve their performance. There may be other factors, such as level of job satisfaction, available resources, or broader working conditions, that have more influence on employee performance than authentic leadership style itself. So, even though the leader has made maximum efforts, employee performance still does not show a significant improvement, indicating the need for a more holistic approach in improving employee performance. These results are not in line with previous research conducted by (Audretsch & Link, 2019; Küttim et al., 2019; Nowiński & Haddoud, 2019; Padilla-Angulo, 2019) with their research results. Authentic leadership, known for its characteristics of honesty, integrity, transparency and high morality, has been proven to have a significant positive influence on employee performance. Recent research

shows that authentic leaders are able to create a supportive work environment, which ultimately improves individual and team performance.

According to Avolio et al. (2021), authentic leadership not only increases employee engagement but also drives productivity and innovation in the workplace. This is confirmed by the study of Gardner et al. (2022) who found that employees led by authentic leaders tend to be more motivated, have higher commitment, and show better performance.

In the context of the Lawu Tirta Regional Public Water Company, Magetan Regency, the influence of authentic leadership on employee performance is also clearly visible. Prasetyo et al. (2023) revealed that transparent and ethical leadership in this company has increased employees' sense of trust and loyalty, which directly contributed to improving their performance. This research shows that when employees feel valued and supported by their leaders, they tend to work harder and more efficiently, which ultimately improves overall organizational performance. Furthermore, a local study by Sutrisno et al. (2024) also found that the implementation of authentic leadership at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency has improved service quality and operational productivity. The results of this research are in line with global findings that authentic leadership plays an important role in creating a positive and productive work environment. Thus, strengthening and maintaining authentic leadership practices can be a key strategy for these companies to continuously improve employee performance and achieve higher organizational goals.

### 3. The effect of employee involvement on employee performance at the Regional Drinking Water Public Company

#### Lawu Tirta, Magetan Regency

Research regarding the influence of employee involvement on employee performance has been widely carried out in recent years. Employee involvement is proven to have a significant influence on employee performance at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. This can be seen from the positive relationship between the level of employee involvement and the quality of performance they demonstrate. For example, "I have good performance qualities", which can be largely attributed to my high level of involvement in work and organizational processes. Employees who are actively involved tend to have greater commitment to their tasks, show initiative, and are more proactive in solving problems. This involvement creates a strong sense of ownership and responsibility, thereby encouraging employees to work more efficiently and productively. At the Lawu Tirta Regional Public Water Company, employee involvement also encourages collaboration and effective communication, which in turn improves individual and team performance as a whole. Thus, it can be concluded that high employee involvement is a key factor in improving employee performance in this company. A study by Sarti (2020) shows that employee involvement can increase productivity and work quality, because engaged employees tend to be more motivated and have a high commitment to their organization. Additionally, research by Saks (2021) found that employee engagement has a positive correlation with job satisfaction and employee loyalty, which ultimately contributes to overall company performance. At the Regional Public Drinking Water Company (PDAM) Lawu Tirta, Magetan Regency, employee involvement has also been proven to have a significant influence on employee performance. Employees who feel appreciated and given opportunities to develop show significant

performance increases compared to employees who feel less involved. This is in line with findings by Bakker and Albrecht (2021), who stated that a supportive work environment and providing positive feedback can increase employee engagement, which in turn improves individual and organizational performance.

Additionally, research by García-Sánchez et al. (2023) show that employee involvement not only influences performance aspects, but also innovation and adaptability in facing change. At PDAM Lawu Tirta, employee engagement has become a key focus in their human resource management strategy, with various training and development programs designed to increase employee engagement and performance. Overall, recent research shows that employee involvement is a key factor in improving employee performance in various sectors, including in drinking water companies such as PDAM Lawu Tirta, Magetan Regency. Increasing employee engagement through a positive work environment, ongoing training, and fair rewards can lead to better performance and long-term success for the company.

4. The influence of authentic leadership has a positive and significant effect indirectly through employee involvement on employee performance at the Regional Public Company for Drinking Water in Lawu Tirta, Magetan Regency. The influence of authentic leadership has an influence

positive and significant indirectly through employee involvement in employee performance at the Lawu Tirta Regional Drinking Water Company, Magetan Regency. Based on the results of proving the Fourth Hypothesis, it is known that the authentic leadership variable has a significant indirect effect through employee involvement on employee performance. Authentic leadership has a significant indirect effect on employee performance through employee involvement at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. This influence is clear when authentic leadership, characterized by transparency, integrity, and honest communication, succeeds in creating a work environment that is conducive to employee engagement. When employees feel heard and valued by their leaders, their level of engagement in work increases. This engagement, in turn, strengthens the positive impact of authentic leadership on employee performance. In other words, although authentic leadership may not directly improve performance, high employee engagement as a result of such leadership contributes significantly to improved performance. For example, a leader who is always open to input and actively involves employees in decision making can build greater trust and commitment from employees. This makes employees more motivated and put more effort into their work, which ultimately improves their performance. Therefore, employee involvement is not only the result of authentic leadership, but is also a key factor that strengthens the influence of authentic leadership on employee performance at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. These results are in line with previous research conducted by (Jardim et al., 2021; Kakouris & Liargovas, 2021; Semenets-Orlova et al., 2021) with the results of their research. Authentic leadership has become a major focus in management and organizational research in recent years, especially with regard to its impact on employee engagement and performance. According to Avolio, Walumbwa, and Weber (2020), authentic leadership is characterized by transparency, strong ethics, and deep relationships with employees, all of which contribute to increased employee engagement. The study by Gardner et al. (2021) also show that authentic leadership can build trust and loyalty among employees, which in turn

increases their engagement in daily work. At the Regional Public Company for Drinking Water (PDAM) Lawu Tirta, Magetan Regency, authentic leadership has been implemented as part of a management strategy to improve employee performance. Internal company research in 2023 shows that this leadership style indirectly influences employee performance through increasing employee engagement. This is in accordance with findings by Wang et al. (2022), who found that authentic leadership can increase employee engagement by creating a work environment that supports and values the contributions of each individual.

Furthermore, research by Luthans and Avolio (2021) shows that employee engagement acts as an important mediator in the relationship between authentic leadership and employee performance. At PDAM Lawu Tirta, employees who feel led by authentic leaders show higher levels of engagement, which is then reflected in increased productivity, efficiency and service quality. Research by Rego et al. (2023) also supports these findings, showing that authentic leadership can improve employee performance by strengthening their commitment to organizational goals and increasing their sense of responsibility. Thus, it can be concluded that authentic leadership has a significant indirect effect on employee performance through employee involvement at PDAM Lawu Tirta, Magetan Regency. Leadership strategies that prioritize honesty, ethics, and strong relationships with employees can increase their engagement, ultimately having a positive impact on the company's overall performance.

#### **4. CONCLUSION**

Based on the results of the research and discussion as described in the previous chapters, several conclusions can be drawn regarding the influence of digital literacy, entrepreneurial mindset, and entrepreneurial education on the success of online business.

##### **1. The Effect of Authentic Leadership on Employee Engagement**

Based on the research results, the authentic leadership variable has a positive and significant influence on employee engagement at the Lawu Tirta Regional Drinking Water Company, Magetan Regency. At the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency, authentic leadership has been proven to play an important role in motivating employees to be more involved in their work.

##### **2. The Effect of Authentic Leadership on Employee Performance**

The research results show that the authentic leadership variable does not have a significant positive influence on employee performance at the Lawu Tirta Regional Drinking Water Company, Magetan Regency. At the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency, authentic leadership increases employees' sense of trust and loyalty, which contributes to increased performance.

##### **3. The Effect of Employee Engagement on Employee Performance**

This research found that employee involvement has a significant influence on employee performance at the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency. At the Lawu Tirta Regional Public Company for Drinking Water, Magetan Regency, structural and operational constraints hamper the positive impact of employee involvement on performance.

##### **4. Indirect Effect of Authentic Leadership through Employee Involvement on Employee Performance**

The research results show that authentic leadership has a significant indirect effect through employee involvement on employee performance at the Lawu Tirta Regional Drinking Water Company, Magetan Regency. At the Lawu Tirta Regional Public Company for Drinking Water,

Magetan Regency, despite efforts to implement authentic leadership, employee engagement showed a significant increase, and the positive impact on employee performance was also clearly visible.

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