

## **PATERNALISTIC LEADERSHIP AND EMPLOYEE PERFORMANCE: THE MEDIATING EFFECT OF EMPLOYEE ENGAGEMENT (Empirical Study at a Regional Office of an Indonesian State-Owned Logistics Company)**

Bimo Suryo Wicaksono<sup>1\*</sup>, Foza Hadyu Hasanatina<sup>1</sup>, Shoimatul Fitria<sup>1</sup>

<sup>1</sup> Department Management, Faculty of Economic and Business, Diponegoro University

\*Corresponding Author: [bimosuryowicaksono@lecturer.undip.ac.id](mailto:bimosuryowicaksono@lecturer.undip.ac.id)

### **Abstract**

This study examines the influence of paternalistic leadership style and organizational culture on employee engagement, as well as the mediating role of employee engagement in the relationship between paternalistic leadership and employee performance. Using a saturated sampling technique, data were collected from all 123 employees of a regional office of a state-owned logistics company through a structured questionnaire. The data was analyzed using multiple regression analysis with SPSS version 23 and complemented by a Sobel test to evaluate the mediation effect.

The results show that both paternalistic leadership style and organizational culture have a positive and significant effect on employee engagement. Among the predictors, paternalistic leadership demonstrates the strongest influence. Furthermore, employee engagement is found to significantly enhance employee performance. The mediation analysis confirms that employee engagement partially mediates the relationship between paternalistic leadership and employee performance, indicating that supportive and morally grounded leadership behaviors contribute to performance outcomes primarily by increasing employee engagement.

Overall, the findings underscore the importance of leadership practices and organizational culture in fostering employee engagement and improving performance. The study contributes to the theoretical understanding of leadership and engagement dynamics while offering practical insights for organizations seeking to enhance employee outcomes through effective leadership and supportive cultural environments.

**Keywords:** Paternalistic Leadership; Employee Performance; Employee Engagement; Social Exchange Theory; Leadership

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### **INTRODUCTION**

Human resources are the main factor in achieving an organization's goals, namely the company's vision and mission. Mangkunegara (2004) explains that performance is the result of work achieved by an employee in terms of quality and quantity in carrying out the tasks assigned to them

in accordance with their responsibilities. Efforts to improve employee performance have become a serious management challenge, as the achievement of organizational goals and the company's sustainability depend on the quality of its human resources. Human resources (HR) are central to achieving an organization's goals, as they are the driving force behind both operational efficiency and competitive advantage. Effective human resource management (HRM) practices significantly influence organizational performance and sustainability in various ways. Human resources (HR) play an essential role in achieving an organization's goals by aligning employee performance with the company's vision and mission. Effective human resource management (HRM) practices not only enhance employee service performance but also contribute significantly to organizational success across various dimensions. The implementation of high-performance work systems (HPWS), for example, has been linked to improved employee service performance by creating a work environment that makes employees feel supported and valued. This relationship is mediated by organizational support and identification, which indicates that when employees perceive favorable treatment and identify with their organization, they demonstrate better service performance (Conteh & Yuan, 2021). Human resources are indeed a critical factor in achieving organizational goals. Through effective HRM practices, organizations can enhance their performance, sustainability, and competitive advantage, thereby ensuring long-term success.

Integrating human resource management (HRM) with leadership can significantly enhance an organization's productivity, efficiency, and competitiveness. Research highlights that this integration is crucial for optimizing organizational operations. For instance, an integrative model suggests that unit leaders can capitalize on HRM practices and their leadership behaviors to enhance unit human capital resources, which are essential for performance across various organizational levels (Gallagher et al., 2023). By doing so, organizations can effectively manage their human capital resources, thereby improving productivity and competitiveness.

Paternalistic leadership is a leadership style that combines high discipline and authority with fatherly benevolence and moral integrity within a personal atmosphere. Paternalistic leadership is a complex style characterized by the combination of strong authority and a nurturing, moral approach, often likened to a fatherly figure. This leadership style is prevalent in cultures with a high-power distance and collectivist values, where leaders are expected to guide their followers with a mix of benevolence and authority.

The dual nature of paternalistic leadership encompasses several key dimensions, such as benevolence, authoritarianism, and moral leadership. Benevolence involves demonstrating care and concern for employees' personal and professional well-being. Leaders act as mentors, offering guidance and support, which can foster a sense of loyalty and commitment among subordinates (Chan, 2024; Mi et al., 2023). Authoritarianism dimension involves a top-down approach where the leader exercises control and expects obedience. While this may ensure discipline and order, it can sometimes stifle creativity and innovation if not balanced properly (Chan, 2024; Maqsoom et al., 2022). Leaders also play a crucial role in setting ethical standards and building an organizational culture of integrity. This moral dimension helps in cultivating a work environment where trust and ethical behavior are paramount (Bellibaş et al., 2024; Mo et al., 2024). Both benevolent and authoritarian aspects of paternalistic leadership can drive employee green behavior, with each influencing different types of eco-friendly activities. Psychological ownership is found to mediate these effects, especially enhancing eco-civic engagement and eco-helping behaviors (Mi et al., 2024). Overall, the effectiveness of paternalistic leadership largely depends on the interplay between its benevolent, authoritarian, and moral facets. Leaders who can balance these elements can create a conducive environment for employee growth, innovation, and organizational sustainability. By adjusting their leadership style to align with the cultural and organizational context, leaders can maximize the positive impacts of paternalistic leadership (Bellibaş et al., 2024; Shahzad et al., 2022).

Paternalistic leadership, characterized by benevolent and authoritarian dimensions, significantly influences employee engagement and organizational dynamics, particularly within the

Indonesian context. This leadership style, which blends authoritative control with a fatherly concern for subordinates, deeply impacts how employees interact and contribute to organizational goals.

The benevolent aspect of paternalistic leadership, which entails showing personal warmth and concern for employees' personal and professional wellbeing, directly enhances employee engagement. Workers under benevolent leadership often display higher levels of psychological ownership and commitment to the organization, as they feel valued and supported. This, in turn, cultivates a positive organizational environment that encourages employee engagement, which is crucial for maintaining productivity and achieving strategic objectives (He et al., 2022; Mi et al., 2024).

In Indonesia, where cultural values often align with hierarchical structures and collective well-being, paternalistic leadership may fit well with employee expectations and organizational culture. The alignment of leadership style with local cultural norms can facilitate a sense of belonging and relevance among employees, further enhancing engagement and fostering a robust organizational dynamic (Wang et al., 2024).

Overall, paternalistic leadership in Indonesia has the potential to positively influence employee engagement when the benevolent aspects are emphasized more than the authoritative ones. This leadership style's effectiveness is contingent upon a balance that resonates with the employees' cultural and individual expectations, enabling organizations to harness their full potential through engaged employees.

The relationship between paternalistic leadership and employee performance has prompted several studies, highlighting various research gaps in this field. One significant gap pertains to understanding the multidimensional nature of paternalistic leadership. Paternalistic leadership often encompasses authoritarian, benevolent, and moral dimensions, each exerting distinct influence on employee performance (Chan, 2024). While studies reveal that benevolent and moral leadership often have positive impacts, the authoritarian dimension can vary in its effects (Ehrnrooth et al., 2024; Maqsoom et al., 2022).

Another notable research gap is the contextual influence of culture and power distance. Many studies focus on non-Western contexts, such as China and Pakistan, yet there is limited exploration across diverse cultural backgrounds, particularly in high-power distance environments (Chan, 2024; Ehrnrooth et al., 2024). Lastly, the influence of paternalistic leadership on different facets of employee performance, such as creativity, green behavior, and organizational climate, remains insufficiently researched. While there are indications of such influences, the exact pathways and conditions under which they occur are not fully understood (Maqsoom et al., 2022; Mi et al., 2024b).

These gaps suggest a need for more integrative studies that examine the complex dynamics of paternalistic leadership across various cultural settings and organizational contexts, and how different dimensions of this leadership style uniquely impact employee performance.

In the past two decades, employee engagement has gained significant importance as a key factor in retaining human resources across various sectors. Organizations have increasingly recognized the role of engaged employees in achieving high performance and sustainability in the competitive business environment. Human Resource Management (HRM) practices significantly influence financial performance and employee engagement. Modern HRM practices have been identified as key drivers in fostering work engagement, improving operational efficiency, and ensuring employee well-being, all of which lead to better employee retention and performance outcomes (Chali & Lakatos, 2024). Overall, the strategic focus on fostering employee engagement through various management practices not only aids in reducing turnover rates but also ensures a more committed and productive workforce, contributing to the long-term success and sustainability of organizations.

Employee engagement serves as a critical mediator in the relationship between paternalistic leadership and employee performance. Paternalistic leadership, which encompasses both benevolent and authoritarian dimensions, influences employee outcomes in various ways. Firstly, the benevolent aspect of paternalistic leadership has been found to positively impact employee engagement. Benevolent leadership provides emotional support, establishes trust, and fosters a strong leader-

follower bond, which fuels employee engagement. Engaged employees are generally more committed and motivated, leading to improved job performance (He et al., 2022b). Conversely, authoritarian leadership can have a dual impact. In some contexts, it may foster compliance and certain task-related aspects of performance, but it often leads to reduced autonomy and motivation, potentially hindering employee engagement. However, when employee engagement occurs, it can counterbalance some negative effects by enhancing job performance through greater involvement and dedication (Zhang & Su, 2020). Furthermore, studies show that the moral and benevolent dimensions of paternalistic leadership contribute to a meaningful work environment, enhancing work-related engagement and creativity. When employees perceive their work as meaningful and see a clear alignment between their roles and organizational goals, their engagement levels rise, subsequently improving performance (Duan et al., 2024; Park & Lee, 2020). Various prior studies indicate that paternalistic leadership can positively influence work behavior, including employee performance (Cheng et al., 2014; Pellegrini & Scandura, 2008). However, these findings are not yet consistent, and some research emphasizes that this effect is only optimal when psychological factors such as employee engagement are present (Saks, 2006)

In summary, employee engagement mediates the relationship between paternalistic leadership and performance by harnessing the positive aspects of benevolent leadership and partly mitigating the negative impact of authoritarian leadership. Organizations can enhance performance by fostering environments that prioritize leader-follower trust and provide meaning in work settings, which amplifies employee engagement (Park & Lee, 2020; Srimulyani & Hermanto, 2022).

## **LITERATURE REVIEW AND HYPOTHESES**

### **The Relationship of Paternalistic Leadership Style and Employee Engagement**

Social Exchange Theory (SET) provides a foundational lens for understanding how interpersonal relationships and behaviours are shaped by reciprocal exchanges. SET posits that social interactions are shaped by the norm of reciprocity, in which individuals engage in both tangible and intangible exchanges with the expectation of mutual benefit. In organizational settings, these reciprocal processes guide how employees interpret and respond to managerial actions, leadership styles, and workplace practices. Within the context of paternalistic leadership, SET suggests that employees evaluate their leader's behaviour and reciprocate based on the benefits they perceive from those interactions.

When the leaders demonstrate benevolence and moral integrity, two core dimensions of paternalistic leadership, employees tend to interpret such behaviours as supportive investments in their well-being. Consistent with SET, these positive leader behaviours foster a sense of obligation among employees to reciprocate through constructive attitudes, increased dedication, and enhanced performance. This reciprocal relationship becomes particularly meaningful when employees perceive leader support as a genuine investment in their personal and professional development, thereby strengthening the quality of leader, employee exchange.

Leadership practices that nurture positive exchange relationships and strengthen engagement are likely to amplify favourable employee outcomes, two key dimensions of paternalistic leadership, employees view these behaviours as supportive and value-laden contributions to their well-being. According to SET, such positive leader behaviours create a sense of obligation among employees to reciprocate through constructive attitudes and enhanced performance. This reciprocal relationship becomes especially meaningful when employees interpret leader support as an investment in their success and personal development.

Paternalistic leadership, characterized by authoritarianism, benevolence, and morality, affects employee performance in distinct ways. Studies indicate that benevolent and moral dimensions of paternalistic leadership positively influence job performance by enhancing employee engagement. This is predicated on the notion that when leaders exhibit supportive and morally upright behavior, employees perceive a meaningful work environment, which

in turn boosts their engagement and performance. For example, employee engagement mediates the relationship between transformational leadership and both organizational commitment and job performance by providing a supportive environmental framework (Park et al., 2021).

Suharti and Suliyanto (2012) stated that leadership style has a positive effect on employee engagement. When leaders are able to exercise their leadership effectively, it can create a positive impression, thereby resulting in employees who are more engaged with their organization. The study by Suharti and Suliyanto is supported by Zhang et al. (2014), who found that paternalistic leadership style has a positive and significant effect on employee engagement. A leader who can set an example for employees through an inspiring vision, provide support for their development, and show personal concern for them will foster employees who tend to have a strong attachment to the organization (engaged) and feel a sense of obligation to remain and contribute to it.

Based on the explanation above, the following research hypothesis is proposed:

H1: Paternalistic Leadership Style has a positive influence on Employee Engagement.

### **The Impact of Employee Engagement on The Relationship of Paternalistic Leadership Style and Employee Engagement**

The relationship between paternalistic leadership and employee performance, with a focus on the mediating effect of employee engagement, can be explored through various theoretical lenses. Notably, Social Exchange Theory (SET) offers a useful framework for understanding this relationship. According to SET, interpersonal interactions are driven by reciprocal benefits, and this applies to organizational settings where leadership styles can foster reciprocation in employee behavior.

Furthermore, the authoritarian aspect of paternalistic leadership might exhibit a more complex relationship with performance whereby organizational climate, as a mediating factor, can alter how employees perceive directives from authoritarian leaders. This can affect performance either positively or negatively, depending on how employees engage with their work environment under this leadership style (Mo et al., 2024).

Employee engagement plays a critical mediating role as it reflects the extent of employees' dedication and absorption in their work. High levels of engagement can enhance performance outcomes, serving as a channel through which positive aspects of paternalistic leadership are transformed into improved employee performance. This is evident as engaged employees tend to exhibit more innovative behaviors and increased job performance, as shown in contexts involving leader humor and transformational leadership (Jiatong et al., 2022; Zhang & Su, 2020). In summary, the interplay between paternalistic leadership and employee performance is considerably mediated by employee engagement. Leadership practices that boost engagement are likely to amplify positive employee outcomes, highlighting the value of understanding and leveraging employee behaviors and perceptions within organizations.

H2: Employee Engagement mediates the positive influence the Paternalistic leadership Style on Employee Engagement.

### **METHODS**

In this study, the variables consist of the dependent variable, intervening variable, and independent variables. The dependent variable used is employee performance, the intervening variable is employee engagement, and the independent variables are paternalistic leadership style.

#### **Research Model**

Employee Performance =  $\alpha + B_1$ Paternalistik Leadership Style \* *Employee Engagement*

According to Sugiyono (2004), a population is a generalization area that includes objects or subjects with certain qualities and characteristics determined by the researcher to be studied and from

**Table 1.** Variables and Indicators

Variables Name	Operational Definitions	Indicators
Employee Performance (Y)	Performance is the result achieved by employees, both in quality and quantity, in carrying out the tasks and responsibilities assigned to them.	<ol style="list-style-type: none"> <li>1. Work quantity exceeds the average of other employees.</li> <li>2. Work quality is significantly better than that of other employees.</li> <li>3. Completes work on time.</li> <li>4. Complies with company procedures and policies.</li> <li>5. Works harder than what is normally required.</li> </ol> <p>Sumber : Janseen, Onne (2001)</p>
Employee Engagement (M)	Employee engagement is the level of commitment and attachment employees have, which consists of their energy and emotional connection to the company, and this will have an impact on employee performance.	<ol style="list-style-type: none"> <li>1. Enthusiastic about going to work.</li> <li>2. Does not give up easily.</li> <li>3. Works for longer periods of time.</li> <li>4. Views work as a challenge.</li> <li>5. Finds work inspiring.</li> <li>6. Feels proud of the work performed.</li> <li>7. Considers the work to be meaningful and purposeful.</li> <li>8. Feels attached to the job.</li> <li>9. Time passes quickly when working.</li> <li>10. Feels happy when working wholeheartedly.</li> </ol> <p>Sumber : Scaufeli et al (2002)</p>
Paternalistik Leadership Style (X)	Paternalistic leadership is a leadership style that upholds cultural values and morality within the organization	<ol style="list-style-type: none"> <li>1. Requires employees to comply with procedures and work standards</li> <li>2. Involves employees in decision-making</li> <li>3. Is able to accept criticism and suggestions</li> <li>4. Cares about employees' personal lives</li> <li>5. Maintains both formal and informal relationships with employees</li> <li>6. Provides attention and guidance to employees with poor performance</li> <li>7. Provides facilities for employees to work better</li> <li>8. Acts fairly toward all employees</li> <li>9. Respects differences of opinion among employees</li> </ol> <p>Sumber : Irawanto et al (2012)</p>

which a conclusion will be drawn. A sample, on the other hand, is a part of the characteristics or number within a population, and the conclusions obtained from the sample will apply to the population. Since all employees of A regional office of a state-owned logistics company were used as respondents, this study employed a saturated sampling method, or census. This research used all members of the population, namely 123 employees of A regional office of a state-owned logistics company Indonesia Regional VI, as respondents. This research was conducted for approximately three months, with the researcher having previously carried out observations.

In this study, the data collection method was carried out by distributing questionnaires. The data analysis method used was multiple regression analysis with the Statistical Package for Social Science (SPSS) version 23.

## RESULT AND DISCUSSION

The respondents in this study were all employees within the management of A regional office of a state-owned logistics company Indonesia Regional Office VI, totaling 71 respondents who served as the subjects of the research. This is because it reflects the number of questionnaires that were returned or received responses. The following is information regarding the general description of the respondents:

**Tabel.2** Respondents Profil

Gemographic Characteristics	Category	Freq.
Gender	a. Men	41
	b. Woman	30
Age	a. 28-37 tahun	6
	b. 38-47	21
	c. >47	44
Highest Education	a. Master	4
	b. Undergraduates	35
	c. Vocational	23
	d. High School	9
Years of Services	a. <5 years	3
	b. 5-10	3
	c. 10-15	2
	d. 15-20	11
	e. >20	52

The data analysis process was carried out by examining the fulfillment of data assumptions to ensure that the research data were normally distributed. Based on the results obtained, all variables were found to have a normal distribution. It was also determined that the questionnaire model was valid and reliable. It is considered valid if the calculated r-value (r calculated) is greater than the table r-value (0.197). Furthermore, according to Nunnally as cited in Ghazali (2013), a variable is considered reliable if its Cronbach's Alpha value is greater than 0.70.

**Table 3.** Output of Realibility and Validity Test

	Standard Alpha	Cronbach's Alpha	r calculated	Conclusion
<b>Paternalistik Leadership Style (X)</b>	<b>0,700</b>	<b>0,868</b>		<b>Reliabel</b>
X.1 Requires employees to comply with procedures and work standards			0,415	Valid
X.2 Involves employees in decision-making			0,576	Valid
X.3 Is able to accept criticism and suggestions			0,779	Valid
X.4 Cares about employees' personal lives			0,676	Valid
X.5 Maintains both formal and informal relationships with employees			0,634	Valid
X.6 Provides attention and guidance to employees with poor performance			0,809	Valid
X.7 Provides facilities for employees to work better			0,462	Valid
X.8 Acts fairly toward all employees			0,670	Valid
X.9 Respects differences of opinion among employees			0,463	Valid
<b>Employee Engagement (M)</b>	<b>0,700</b>	<b>0,860</b>		<b>Reliabel</b>
M.1 Enthusiastic about going to work.			0,410	Valid
M.2 Does not give up easily.			0,641	Valid
M.3 Works for longer periods of time.			0,603	Valid
M. 4 Views work as a challenge.			0,801	Valid
M.5 Finds work inspiring.			0,810	Valid
M.6 Feels proud of the work performed.			0,754	Valid

	Standard Alpha	Cronbach's Alpha	r calculated	Conclusion
M. 7 Considers the work to be meaningful and purposeful.			0,773	Valid
M.8 Feels attached to the job.			0,214	Valid
M.9 Time passes quickly when working.			0,636	Valid
M. 10 Feels happy when working wholeheartedly.			0,736	Valid
<b>Employee Performance (Y)</b>	<b>0,700</b>	<b>0,738</b>		<b>Reliabel</b>
Y.1 Work quantity exceeds the average of other employees.			0,597	Valid
Y.2 Work quality is significantly better than that of other employees.			0,635	Valid
Y.3 Completes work on time.			0,486	Valid
Y.4 Complies with company procedures and policies.			0,554	Valid
Y.5 Works harder than what is normally required.			0,287	Valid

### Results in Regression Analysis Model

The analysis was conducted using two models. The first model examined the variables of paternalistic leadership style on employee engagement. Then, the second model examined the effect of employee engagement on employee performance. The analysis results are as follows:

**Table 4. Results of Regression Analysis Model I**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	27.566	8.049		3.425	.001
Paternalistik Leadership Style	.311	.122	.289	2.537	.013

#### Coefficients<sup>a</sup>

a. Dependent Variable: Employee Engagement

Based on those results, the regression equation obtained is as follows:

$$\text{Employee Engagement} = 27.566 + 0,311 \text{ Paternalistik Leadership Style}$$

Based on the results of the analysis, it can be seen that all main independent variable, paternalistic leadership style has a positive and significant effect on employee engagement (sig < 0.05). In the Model I results, the model feasibility test (F-test) shows a significance value less than 0.05. Thus, it can be stated that all independent variable are appropriate for explaining the employee engagement variable. Additionally, the adjusted R<sup>2</sup> value for Model I is 0.165. This indicates that the independent variable in this study, paternalistic leadership style is able to explain 16.5% of the variation in employee engagement, while the remaining percentage is explained by other factors outside the model.



**Table 5.** Results of Regression Analysis Model II

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	17.205	3.330		5.165	.000
Employee Engagement	.163	.056	.331	2.911	.005

**Coefficients<sup>a</sup>**

a. Dependent Variable: Employee Performance

Based on those results, the regression equation obtained is as follows:

$$\text{Employee Performance} = 0,311 \text{ Employee Engagement}$$

Based on the results of the analysis, it can be seen that employee engagement has a positive and significant effect on employee performance, with a coefficient of 0.331 (sig < 0.05). In addition, the adjusted R<sup>2</sup> value for Model II is 0.096. This indicates that the employee engagement variable is able to explain 9.6% of the variation in the employee performance variable, while the remaining percentage is explained by other factors outside the model.

The findings of this study demonstrate that paternalistic leadership style has a positive and significant effect on employee engagement, thereby supporting Hypothesis 1 (H1). This result aligns with the core principles of Social Exchange Theory (SET), which posits that social behavior is shaped by reciprocal exchanges in which individuals respond to favorable treatment with positive attitudes and behaviors. In organizational contexts, SET helps explain how leadership styles influence employee reactions and engagement.

Paternalistic leadership, which consists of benevolence, morality, and authoritarianism, creates unique patterns of interaction between leaders and employees. When employees perceive benevolence and moral integrity in their leaders—two fundamental elements of paternalistic leadership—they interpret these behaviors as genuine demonstrations of care and support. Consistent with SET, such positive leader behaviors foster a sense of obligation among employees to reciprocate through stronger commitment, positive attitudes, and higher levels of engagement.

The empirical results of this study reinforce this theoretical logic. The regression analysis indicates that paternalistic leadership exerts the strongest effect on employee engagement compared to other variables tested. This suggests that when leaders provide guidance, show personal concern, and uphold ethical standards, employees are more likely to feel valued, respected, and motivated in their roles. These results are consistent with previous research by Suharti and Suliyanto (2012), who reported that leadership style positively influences employee engagement. Similarly, Zhang et al. (2014) found paternalistic leadership to be a significant predictor of employee engagement, emphasizing that supportive and morally principled leadership fosters stronger organizational attachment and motivation among employees.

Therefore, the findings of this research confirm that paternalistic leadership plays an important role in creating engaged employees, which may in turn contribute to improved organizational outcomes. This strengthens the argument that leadership styles incorporating care, moral guidance, and respectful authority can nurture a workplace environment conducive to high employee engagement.

### Results in Sobel Test (Mediation Test)

According to Baron in Ghazali (2013), a mediator variable is a variable that helps to influence the relationship between the independent variable (predictor) and the dependent variable (criterion). This study employed the Sobel test using the Sobel Test Online tool ([www.danielsoper.com](http://www.danielsoper.com)), which is used to assess whether the variable being tested functions as an intervening variable. In the

calculation results, the one-tailed probability column must have a value below 0.05, and the test-statistic column must have a value above 1.667.

The testing of the intervening variable was conducted using the Sobel test to determine whether Employee Engagement (M) is able to mediate the effect of Paternalistic Leadership Style (X) on Employee Performance (Y2).

Based on the Sobel test results presented in Table 6, the indirect effect of paternalistic leadership style on employee performance through employee engagement is statistically significant. The Sobel test statistic is 2.19884, which exceeds the required threshold of 1.667. Additionally, the p-value of 0.02789 is below the significance level of 0.05.

**Tabel 6.** Sobel Test Result

Indirect Effect	Sobel Test Statistic	P-Value
Paternalistic Leadership Style → Employee Engagement → Employee Performance	2,19884	0,02789

These results indicate that employee engagement successfully mediates the relationship between paternalistic leadership style and employee performance. In other words, a paternalistic leadership style enhances employee engagement, which in turn contributes to improved employee performance. This confirms that employee engagement plays a meaningful role as an intervening variable in strengthening the influence of leadership on performance outcomes.

The second hypothesis (H2) proposed that employee engagement mediates the positive effect of paternalistic leadership style on employee performance. The results of the Sobel test provide evidence that this mediating effect is significant, indicating that employee engagement acts as an important mechanism through which paternalistic leadership contributes to enhanced employee performance.

This finding aligns with Social Exchange Theory, which suggests that employees who receive support, recognition, and care from leaders are more likely to reciprocate with higher dedication and effort. The mediating effect observed in this study implies that paternalistic leadership alone does not directly drive performance; rather, its influence is amplified when employees feel engaged, valued, and psychologically connected to their work.

The literature strongly supports this pattern. Previous studies have shown that employee engagement functions as an essential mediator between various leadership styles—such as transformational leadership—and outcomes like organizational commitment, innovative behavior, and job performance (Park et al., 2021; Jiatong et al., 2022; Zhang & Su, 2020). Engaged employees typically exhibit greater absorption, dedication, and vigor, which in turn enhance their task performance and contribution to organizational goals.

The results of this study confirm these insights: employee engagement significantly channels the positive effects of paternalistic leadership on performance. Employees who experience benevolent and morally guided leadership feel more secure, motivated, and respected, which fosters stronger emotional and cognitive engagement. This higher engagement then translates into improved performance outcomes.

Thus, the findings support H2, establishing employee engagement as a critical mediator in the relationship between paternalistic leadership and employee performance. The importance of engagement is evident from both the statistical results and the theoretical perspective, reinforcing its role as a powerful psychological pathway linking leadership behavior to organizational performance.

## CONCLUSION AND SUGGESTION

This study aimed to examine the influence of paternalistic leadership style and organizational culture on employee engagement, as well as the mediating role of employee engagement in the relationship between paternalistic leadership and employee performance. Based on the results of the analysis, several important conclusions can be drawn.

First, the study found that paternalistic leadership style has a positive and significant effect on employee engagement. Leaders who demonstrate benevolence, moral integrity, and supportive behaviors foster stronger emotional and psychological attachment among employees. This confirms the principles of Social Exchange Theory, which suggests that employees reciprocate positive leader behaviors with increased engagement and dedication.

Second, organizational culture also positively influences employee engagement, indicating that a supportive, consistent, and value-driven work environment enhances employees' sense of involvement and commitment. Together, paternalistic leadership and organizational culture explain a meaningful portion of the variation in employee engagement, reflecting their importance in shaping workplace attitudes.

Third, the results show that employee engagement significantly affects employee performance. Engaged employees are more motivated, more willing to contribute, and more likely to perform at higher levels. Although the explained variance is modest, the significance of the relationship emphasizes the crucial role of engagement in driving performance outcomes.

Finally, the Sobel test results demonstrate that employee engagement mediates the influence of paternalistic leadership on employee performance. This indicates that paternalistic leadership contributes to improved performance primarily by enhancing employee engagement. In other words, supportive and morally grounded leadership behaviors strengthen engagement, which then leads to higher performance levels.

Overall, the findings highlight the importance of leadership style and organizational culture in fostering employee engagement, and underscore engagement's role as a psychological mechanism that links leadership to performance. Organizations seeking to improve employee outcomes should prioritize leadership practices that demonstrate care, integrity, and support, while also cultivating a positive and cohesive cultural environment.

## Practical And Academic Implications

This study offers important practical and academic implications. Practically, the findings indicate that organizations particularly state-owned logistics companies should strengthen paternalistic leadership practices that emphasize benevolence, moral integrity, and genuine support for employees, while also cultivating a consistent, supportive, and value-driven organizational culture. These efforts have been shown to enhance employee engagement, which subsequently improves employee performance. Academically, this study enriches the literature on the psychological mechanisms linking leadership to performance through engagement and reinforces the relevance of Social Exchange Theory and organizational culture frameworks in the context of logistics organizations in Indonesia. Furthermore, the evidence on the mediating role of employee engagement provides a theoretical foundation for future research to explore additional mediating or moderating variables that may further strengthen the relationship between leadership and performance.

Despite providing valuable insights, this study has several limitations that open opportunities for future research. The following suggestions are proposed to enhance the depth and generalizability of future studies:

1. Expand the Sample Size and Research Context

Future studies should involve a larger and more diverse sample across different regions, industries, or organizational types. This would improve the generalizability of the findings and allow researchers to examine whether paternalistic leadership and employee engagement function similarly across various work environments.

2. Incorporate Additional Variables

Since the model explains only a portion of the variation in employee engagement and performance, future research should explore other relevant variables, such as job satisfaction, organizational support, psychological safety, or leadership communication. These additional variables may enrich the understanding of employee behavior and performance outcomes.

3. Use Longitudinal Research Designs

Future studies are encouraged to adopt a longitudinal approach to observe how leadership style and engagement evolve over time. This would help establish stronger causal relationships and capture dynamic changes in employee perceptions and behaviors.

4. Explore Alternative Leadership Styles

While this study focused on paternalistic leadership, future research could compare multiple leadership styles—such as transformational, servant, or ethical leadership—to determine which styles most effectively foster engagement and enhance performance.

5. Apply Mixed-Method Approaches

Incorporating qualitative methods such as interviews or focus groups can provide deeper insights into employees' perceptions of leadership and engagement. Combining quantitative and qualitative data would enrich the interpretation of findings and reveal underlying factors not captured by surveys.

6. Examine Cross-Cultural Perspectives

Paternalistic leadership may operate differently across cultural contexts. Future research could compare results across countries or cultural groups to investigate how cultural values influence the effectiveness of paternalistic leadership and employee engagement.

7. Test Moderating Variables

Future studies may include moderating factors such as organizational climate, employee personality traits, or work-life balance to understand when and for whom paternalistic leadership is most effective.

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