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Building Employee Performance and Retention Through Transformational Leadership Communication Behavior Via Trust and Motivation: An Analysis of Employees At PT Ace Hardware Indonesia Tbk

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Abstract: This study explores the impact of transformational leadership communication behavior at PT Ace Hardware Indonesia Tbk on employee trust, motivation, performance, and retention. A quantitative method was employed by distributing questionnaires to 300 company employees. Data collected from 300 employees at PT Ace Hardware Indonesia Tbk were analyzed using Smart PLS 3. The results indicate that transformational leadership communication behavior significantly influences employee trust, motivation, performance, and retention. Employee trust and motivation also play a significant role as mediators, mediating the influence of transformational leadership communication on employee performance and retention at PT Ace Hardware Indonesia Tbk. These findings depict a complex relationship among variables that mutually affect each other, providing profound insights into the crucial role of transformational leadership communication behavior in fostering positive relationships with employees. The outcomes of this research can serve as a foundation for companies to develop more effective strategies of transformational leadership, with a focus on enhancing employee trust and motivation. Practical implications include implementing leadership practices that strengthen positive relationships with employees. This study also contributes to the development of transformational leadership theory and provides directions for further research. Thus, the research not only benefits companies practically but also contributes to the academic knowledge development in the field of organizational leadership.

Keyword: Transformational Leadership, Communication Behavior, Trust, Motivation, Retention, Performance

INTRODUCTION

Background of this issue highlights the importance of trust and communication in the success of virtual teams (Burn et al., dalam Curlee & Gordon, 2013). Leaders must build and maintain consistent values, communicate boundaries, and promote program success and failure. Leadership communication strategies, especially in corporate activism, are key to understanding their impact on employee performance and response(Chatterji and Michael W, 2018; Hong & Ji, 2022). In the uncertain global business context, corporate leaders must be transparent in communicating their views(Edelman, 2021; Yim & Park, 2019) Communication influences daily life, exchanging ideas with both familiar and unfamiliar people, defined as the verbal exchange of thoughts or ideas (Stephen W. Littlejohn et al., 2012).

According to Edelman(2021), employee trust in business leaders in Indonesia reached 61%, indicating stability from 2021 to 2022. This study focuses on leadership communication strategies at PT. Kawan Lama Tbk. Jakarta. Leadership styles, as expressed by Asfahani(2023) and Popli & Rizvi(2016) influence employee work outcomes. Communication skills, a key leadership component (Burawat, 2019), significantly impact employees (Chitrao, 2014). Effective communication, as mentioned by Burns (Yusof, 1978), motivates employees to participate more actively. Lack of motivation, as stated by Afful-broni(2012), negatively affects employee morale and performance. This research emphasizes the importance of effective communication in enhancing employee motivation at PT. Kawan Lama Tbk. Jakarta. By engaging effective communication strategies, business leaders can ensure better organizational performance and increased customer satisfaction(Chitrao, 2014). Therefore, leaders need to understand the necessary communication strategies to address employee motivation challenges and ensure success(Gobble, 2012; Mutha & Srivastava, 2021).

Employee discipline harms company performance and service. Leaders need actions, rewards for discipline, punishment, and communication strategies to motivate employees. Corporate leader communication strategies significantly affect consumer awareness and employee activities. Edelman(2021), research and webershandwick(2018), show their impact on employee cognitive reactions, behaviors, and loyalty to the company(Branicki et al., 2020). Previous research has extensively discussed corporate leader activism (Branicki et al., 2020; Chatterji & Toffel, 2019; Hong & Ji, 2022), but the study's limitations are evident in understanding leadership communication strategies. This study aims to explore the communication strategies of leaders in the retail industry of PT. Ace Hardware Indonesia Tbk (ACES) to enhance employee motivation. Focusing on salespeople, staff, and supervisor levels, this quantitative study has positive implications for social change, encouraging business leaders to improve employee motivation, which, in turn, can enhance well-being and performance, contributing to community economic recovery.

In practice, understanding corporate leader communicative expressions regarding sociopolitical issues in the public sphere is still underexplored by researchers. This study explores
corporate leader communication strategies to enhance the effectiveness of employee
performance, focusing on transparent leadership communication, genuine attribution, issue
advocacy intention, and company advocacy intention. Hong & Ji(2022) and Griffith (2002)
theories creates a new concept in the literature on corporate leader communication strategies
toward the effectiveness of employee performance, a relationship previously unstudied. This
research is crucial as corporate leader communication strategies are an inseparable element of
corporate success, significantly influencing performance in the face of business competition,
both locally and globally.

Formulation of the problem

- 1) Does the transformational leadership communication behavior influence employee trust at PT. Ace Hardware Indonesia, Tbk?
- 2) Does transformational leadership communication behavior affect employee work motivation at PT. Ace Hardware Indonesia, Tbk?

- 3) Does transformational leadership communication behavior influence employee retention at PT. Ace Hardware Indonesia, Tbk?
- 4) Does employee trust affect employee work motivation at PT. Ace Hardware Indonesia, Tbk?
- 5) Does employee motivation affect employee retention at PT. Ace Hardware Indonesia, Tbk?
- 6) Does employee trust affect employee performance at PT. Ace Hardware Indonesia, Thk?
- 7) Does employee motivation affect employee performance at PT. Ace Hardware Indonesia, Tbk?

METHOD

This research employs a quantitative method with a population of 10,631 employees from PT. Ace Hardware Indonesia. A sample of 300 employees is selected based on Cohen's sample formula (1992). Data analysis is conducted using Smart PLS 3.

RESULTS AND DISCUSSION

A. Analysis of Factor Loading values

Here, the researcher has illustrated Figure 1 and Figure 2, the path diagrams depicting the results of the Smart PLS analysis:

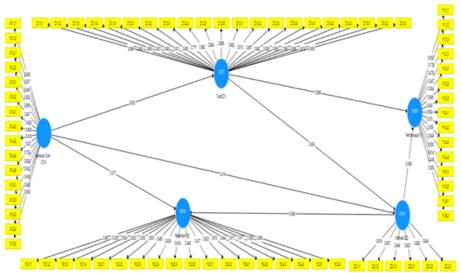


Figure 1. Fath Diagram of First Estimated Factor LoadingsSource: Smart PLS Diagram Output 3(2024)

The results of the testing in Figure 2 and Table 1 indicate that 16 measurement items have factor loadings (LF) \leq 0.7, such as Z122, Y111, Y112, Y121, Y131, Y141, Y142, Y143, Y144, Y151, Y213, Y214, Y221, Y222, and Y223. These items were removed as they were less valid in measuring the variables.

The second factor loading testing process involves selecting indicators with validity levels (≥ 0.7) after removing items with values ≤ 0.7 . The purpose of this test is to obtain indicators that are more suitable and reliable as representations of the research variables. The results of this testing are depicted in Figure 4.2, providing a visualization of the selected indicators. By considering the factor loading values, researchers can detail the indicators that have passed the selection, providing a more detailed and accurate overview of the validity and reliability of the indicators used in the research model.

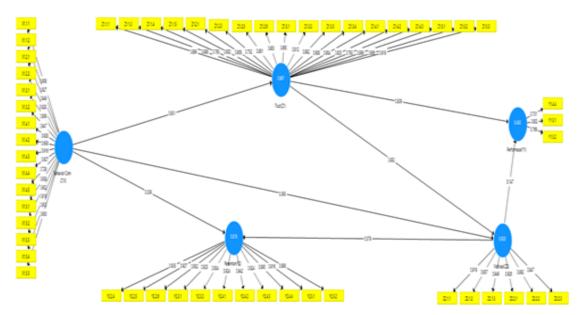


Figure 2. Fath Diagram Loading of the Second Estimated Factor Source: Smart PLS Diagram Output 3(2024)

The results of the second stage factor loading evaluation are presented in Table 4.13, which presents detailed information.

Table 1. Second Factor Loading Test Results (Fit Indicator)

	1	Table 1. Se	econd Fac	tor Loadii	ng Test R	esults (Fit	Indicator	<u>(</u>)	
Behavior Communication TL(X1)		Trust (Z1)		Motivation (Z2)		Performance (Y1)		Retention (Y2)	
X1.1.1	0.908	Z1.1.1	0.889	Z2.1.1	0.919	Y1.4.4	0.731	Y2.2.4	0.935
X1.1.2	0.927	Z1.1.3	0.888	Z2.1.2	0.957	Y1.5.1	0.802	Y2.2.5	0.927
X1.2.1	0.949	Z1.1.4	0.785	Z2.1.3	0.949	Y1.5.2	0.769	Y2.2.6	0.952
X1.2.2	0.928	Z1.1.5	0.902	Z2.2.1	0.926			Y2.3.1	0.925
X1.3.1	0.909	Z1.2.1	0.909	Z2.2.2	0.892			Y2.3.2	0.934
X1.3.2	0.947	Z1.2.3	0.752	Z2.2.3	0.847			Y2.4.1	0.924
X1.4.1	0.928	Z1.2.5	0.881					Y2.4.2	0.942
X1.4.2	0.958	Z1.2.6	0.883					Y2.4.3	0.924
X1.4.3	0.916	Z1.3.1	0.865					Y2.4.4	0.89
X1.4.4	0.927	Z1.3.2	0.812					Y2.5.1	0.916
X1.4.5	0.729	Z1.3.3	0.882					Y2.5.2	0.888
X1.5.1	0.938	Z1.3.4	0.908						
X1.5.2	0.952	Z1.4.1	0.904						
X1.5.3	0.918	Z1.4.2	0.925						
X1.5.4	0.953	Z1.4.3	0.793						
X1.5.5	0.95	Z1.5.1	0.899						
		Z1.5.2	0.886						
		Z1.5.3	0.919						

Source: Smart PLS Diagram Output 3(2024)

Based on the output in Figure 2, all measurement items show factor loadings (LF) above 0.70, indicating that all items are valid and can effectively represent the variables. For the Transformational Leadership Communication Behavior variable, the highest item is X1.4.2 (0.958), indicating that an increase in transformational communication behavior will be more noticeable in this item. For the Trust variable (Z1), Competence (Z1.2.3) has an LF of 0.752, reflecting that approximately 56.55% of the changes in trust will be reflected in this item. Loyalty (Z1.4.2) has an LF of 0.925, indicating that the level of employee trust in the company is strongly reflected in this item.

The Motivation variable (Z2) shows that Extrinsic Motivation (Z2.2.3) has an LF of 0.847, reflecting approximately 71.74% of the motivation changes in this item. Intrinsic Motivation (Z2.1.2) has an LF of 0.957, indicating that the level of employee motivation is strongly reflected in this item. Performance (Y1) indicates that Effectiveness (Y1.4.4) has an LF of 0.731, reflecting approximately 53.44% of the performance changes in this item. Independence (Y1.5.1) has an LF of 0.802, indicating that the improvement in employee performance is strongly reflected in this item.

Retention (Y2) shows that Work Environment (Y2.5.1) has an LF of 0.916, reflecting approximately 83.91% of the retention changes in this item. Compensation (Y2.2.6) has an LF of 0.952, indicating that a strong reflection of the performance increase, about 90.63%, is evident in this item.

B. Hypothesis Testing

To test the hypotheses, the researcher analyzed the results of the Path Coefficient test conducted using the Bootstrapping method. Table 4.20, Table 4.21, and Figure 4.3 present the results of the Bootstrapping test for the Path Coefficient.

Table 2. Hypothesis Testing (Path Coefficient and T Statistics)

Tuble 2. Hypothesis Testing (Tuth Coefficient and T Statistics)					
Model Jalur	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Behavior Com LT(X)>					_
Motivation(Z2)	0.393	0.414	0.163	2.41	0.016
Behavior Com $LT(X)$ ->					
Retention(Y2)	0.339	0.367	0.167	2.027	0.043
Behavior Com $LT(X) \rightarrow Trust(Z1)$	0.931	0.932	0.016	58.989	0
Motivasi(Z2) -> Performace(Y1)	0.147	0.146	0.168	2.875	0.048
Motivasi(Z2) -> Retention(Y2)	0.579	0.552	0.169	3.431	0.001
$Trust(Z1) \rightarrow Motivation(Z2)$	0.582	0.563	0.161	3.625	0
$Trust(Z1) \rightarrow Performace(Y1)$	0.839	0.838	0.152	5.529	0

Source: Smart PLS Output 3(2024)

Table 3. Path Confident Interval Coefficient

	Original Sample (O)	Sample Mean (M)	2.50%	97.50%
Behavior Com $LT(X)$ -> Motivation(Z2)	0.393	0.414	0.109	0.732
Behavior Com LT(X)> Retention(Y2)	0.339	0.367	0.075	0.738
Behavior Com LT(X)> Trust(Z1)	0.931	0.932	0.898	0.959
Motivasi(Z2) -> Performace(Y1)	0.147	0.146	0.455	0.203
Motivasi(Z2) -> Retention(Y2)	0.579	0.552	0.174	0.835
Trust(Z1) -> Motivation(Z2)	0.582	0.563	0.243	0.858
Trust(Z1) -> Performace(Y1)	0.839	0.838	0.514	1.116

Source: Smart PLS Output 3(2024)

Statistical analysis using the path diagram helps to understand the relationships between variables within the framework. The structural model is used for hypothesis testing and identifying causal relationships between variables. Figure 3 shows the relationships and coefficients of the variables.

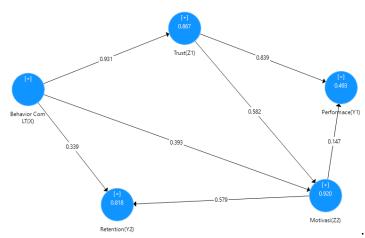


Figure 3. Fath Diagram Loading of the Second Estimated Factor Source: Smart PLS Diagram Output 3(2024)

Taking into consideration the path coefficient values in Table 2 and Table 3, as well as the above Figure 4, the following conclusions can be drawn:

A. Test of Direct Effects

1) Influence of Transformational Leadership Communication Behavior (X) on Trust (Z1)

Based on Table 4.20 and 4.21, Transformational Leadership Communication Behavior (X) has a significant influence on Trust (Z1) with a coefficient of 0.931 (t-statistic: 58.989 > 1.96, p-value: 0 < 0.05). Therefore, Hypothesis H1 is accepted, H0 is rejected. It can be concluded that changes in Transformational Leadership Communication Behavior (X) significantly contribute to the improvement of Trust (Z1). The effect of Transformational Leadership Communication Behavior (X) on Trust (Z1) within the 95% confidence interval is from 0.898 to 0.959, indicating that positive changes in Transformational Leadership Communication Behavior (X) can enhance Trust (Z1) up to 0.959.

2) Influence of Transformational Leadership Communication Behavior (X) on Work Motivation

Based on the Path Coefficient and T-Statistics from Table 4.20 and 4.21, it can be observed that Transformational Leadership Communication Behavior (X) has a significant influence on Motivation (Z2) with a coefficient of 0.393 (t-statistic: 2.41 > 1.96, p-value: 0.016 < 0.05). Therefore, Hypothesis H2 is accepted, H0 is rejected. This result indicates that changes in Transformational Leadership Communication Behavior (X) significantly contribute to the improvement of Motivation (Z2). The effect of Transformational Leadership Communication Behavior (X) on Motivation (Z2) within the 95% confidence interval is from 0.109 to 0.732, indicating that positive changes in Transformational Leadership Communication Behavior (X) can enhance Motivation (Z2) up to 0.732.

3) Influence of Transformational Leadership Communication Behavior (X) on Employee Retention

Based on the analysis of Path Coefficient and T-Statistics from Table 4.20, there is an influence of Transformational Leadership Communication Behavior (X) on Retention (Y2) with a coefficient of 0.393 (t-statistic: 2.41 > 1.96, p-value: 0.016 < 0.05). Hypothesis H2 is accepted, while H0 is rejected, indicating that changes in Transformational Leadership Communication Behavior (X) significantly contribute to the improvement of Retention (Y2). The effect of Transformational Leadership Communication Behavior (X) on Retention (Y2) within the 95% confidence interval is from 0.075 to 0.738, indicating that positive changes in

Transformational Leadership Communication Behavior (X) can enhance Retention (Y2) up to 0.738.

4) Influence of Trust (Z1) on Work Motivation

The influence of Trust (Z1) on Motivation (Z2) is 0.582 and proven statistically significant, with t-statistic (3.625 > 1.96) or p-value (0 < 0.05). Hypothesis (H4) is accepted, H0 is rejected, indicating that any change in Trust (Z1) significantly contributes to the improvement of employee motivation. Trust plays a crucial role in enhancing work motivation, aligning with the proposed hypothesis. The effect of Trust (Z1) on Motivation (Z2) within the 95% confidence interval is from 0.243 to 0.858, indicating that positive changes in Trust (Z1) can enhance Motivation (Z2) up to 0.858.

5) Trust (Z1) has an effect on performance

The influence of Trust (Z1) on Performance (Y1) is 0.839, statistically significant, with t-statistic (5.529) and p-value (0 < 0.05). Hypothesis 5 is accepted, Hypothesis 0 is rejected, indicating that an increase in Trust (Z1) significantly enhances Performance (Y1). This finding reinforces the importance of trust-building strategies in the workplace to boost individual motivation. The magnitude of the effect of Trust (Z1) on Performance (Y1) within the 95% confidence interval is from 0.514 to 1.116, indicating that positive changes in Trust (Z1) can enhance Performance (Y1) up to 1.116.

6) Motivation has an effect on performance

The influence of Motivation (Z2) on Performance (Y1) of employees is statistically significant, with a coefficient of 0.147, t-statistic of 2.875, and p-value of 0.048 < 0.05. Hypothesis 6 is accepted, Hypothesis 0 is rejected, affirming that changes in Motivation (Z2) can significantly improve employee performance. The effect of Motivation (Z2) within the 95% confidence interval is from 0.174 to 0.835, indicating that positive changes in Motivation (Z2) can enhance Performance (Y1) up to 0.835.

7) Motivation has an effect on retention

Analysis of Table 4.20 shows the significance of the influence of Motivation (Z2) on Employee Retention (Y2), with a coefficient of 0.579, t-statistic of 3.431, and p-value of 0.001 < 0.05. Hypothesis 7 is accepted, Hypothesis 0 is rejected, confirming that changes in Motivation (Z2) significantly enhance Employee Retention (Y2). The effect of Motivation (Z2) within the 95% confidence interval is from 0.174 to 0.835, indicating that positive changes in Motivation (Z2) can enhance Retention (Y2) up to 0.835.

B. Test of the Magnitude of Mediation Effects

There are several indirect effects to be analyzed, such as the mediation effect of the Transformational Leadership Communication Behavior (X) variable on Retention (Y2) through Trust (Z1) and Motivation (Z2). Additionally, there is also a mediation effect of the Leadership Communication Behavior (X) variable on Performance (Y1) through Trust (X1) and Motivation (Z2).

Table 4. Mediation Tests

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Behavior Com LT(X) -> Trust(Z1) -> Motivation(Z2)	0.542	0.524	0.148	3.669	0
Behavior Com LT(X) -> Motivation(Z2) -> Performace(Y1)	0.058	0.076	0.083	0.693	0.488

Trust(Z1) -> Motivation(Z2) -> Performace(Y1)	0.085	0.068	0.095	0.896	0.07
Behavior Com LT(X) -> Trust(Z1) -> Motivation(Z2) -> Performace(Y1)	0.08	0.063	0.089	0.895	0.371
Behavior Com LT(X)-> Trust(Z1) -> Performace(Y1)	0.782	0.781	0.143	5.449	0
Behavior Com LT(X) -> Motivation(Z2) -> Retention(Y2)	0.228	0.213	0.088	2.599	0.009
Trust(Z1) -> Motivation(Z2) -> Retention(Y2)	0.337	0.327	0.156	2.168	0.03
Behavior Com LT(X)-> Trust(Z1) -> Motivation(Z2) -> Retention(Y2)	0.314	0.304	0.144	2.185	0.029

Source: Smart PLS Output 3(2024)

Table 5. Confident Interval Path Coefficient Mediasi

	Original Sample (O)	Sample Mean (M)	2.50%	97.50%
Behavior Com $LT(X) \rightarrow Trust(Z1) \rightarrow Motivation(Z2)$	0.542	0.524	0.231	0.799
Behavior Com LT(X) -> Motivation(Z2) -> Performace(Y1)	0.058	0.076	0.274	0.044
Trust(Z1) -> Motivation(Z2) -> Performace(Y1)	0.085	0.068	0.237	0.152
Behavior Com LT(X) -> Trust(Z1) -> Motivation(Z2) ->	0.08	0.063	0.22	0.14
Performace(Y1)				
Behavior Com $LT(X)$ -> $Trust(Z1)$ -> $Performace(Y1)$	0.782	0.781	0.477	1.049
Behavior Com LT(X) -> Motivation(Z2) -> Retention(Y2)	0.228	0.213	0.059	0.409
$Trust(Z1) \rightarrow Motivation(Z2) \rightarrow Retention(Y2)$	0.337	0.327	0.051	0.63

Source: Smart PLS Output 3(2024)

1. Mediation Effect of Trust (Z1) on the Relationship between Behavior LT (X) and Motivation (Z2)

Based on Tables 4 and 5, Trust (Z1) significantly mediates the influence of Behavior Com LT (X) on Motivation (Z2) with a path coefficient of 0.542. The significance test shows a t-statistic of 3.669, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.000). This finding confirms that Trust (Z1) significantly mediates the influence of Behavior Com LT (X) on Motivation (Z2). In the 95% confidence interval, Trust (Z1) can mediate with a value ranging from 0.231 to 0.799.

2. Mediation Effect of Motivation (Z2) on the Relationship between Behavior LT (X) and Performance (Y1)

According to Tables 4 and 5, Motivation (Z2) significantly acts as a mediator in mediating the influence of Behavior Com LT (X) on Performance (Y1) with a path coefficient of 0.058. The significance test of the t-statistic shows a value of 2.693, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.488). This finding confirms that Motivation (Z2) significantly acts as a mediator in mediating the influence of Behavior Com LT (X) on Performance (Y1) within the 95% confidence interval from 0.274 to 0.044.

3. Mediation Effect of Motivation (Z2) on the Relationship between Trust (Z1) and Performance (Y1)

Based on Tables 4 and 5, Motivation (Z2) significantly acts as a mediator in mediating the influence of Trust (Z1) on Performance (Y1) with a path coefficient of 0.085. The significance test of the t-statistic shows a value of 2.896, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.37). This finding confirms that Motivation (Z2) significantly plays a mediating role in mediating the influence of Trust (Z1) on Performance (Y1) within the 95% confidence interval from 0.237 to 0.152.

4. Mediation Effect of Trust (Z1) and Motivation (Z2) on the Relationship between Behavior Com LT (X) and Performance (Y1)

According to Tables 4 and 5, Trust (Z1) and Motivation (Z2) significantly act as mediators in mediating the influence of Behavior Com LT (X) on Performance (Y1) with a path coefficient of 0.08. The significance test of the t-statistic shows a value of 0.895, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.371). This finding confirms that Trust (Z1) and Motivation (Z2) significantly act as mediators in mediating the influence of Behavior Com LT (X) on Performance (Y1) within the 95% confidence interval from 0.22 to 0.14.

5. Mediation Effect of Trust (Z1) on the Relationship between Behavior Com LT (X) and Performance (Y1)

Based on Tables 4 and 5, Trust (Z1) significantly acts as a mediator in mediating the influence of Behavior Com LT (X) on Performance (Y1) with a mediation path coefficient of 0.782. The significance test of the t-statistic shows a value of 5.449, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.000). This finding confirms the significant mediating role of Trust (Z1) in the influence of Behavior Com LT (X) on Performance (Y1) within the 95% confidence interval from 0.477 to.

6. Mediation Effect of Motivation (Z2) on the Relationship between Behavior Com LT (X) and Retention (Y2)

Based on Tables 4 and 5, Motivation (Z2) significantly acts as a mediator in mediating the influence of Behavior Com LT (X) on Retention (Y2) with a mediation path coefficient of 0.228. The significance test of the t-statistic shows a value of 2.599, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.009). This finding confirms that Motivation significantly acts as a mediator in mediating the influence of Behavior Com LT (X) on Retention (Y2) within the 95% confidence interval from 0.059 to 0.409.

7. Mediation Effect of Motivation (Z2) on the Relationship between Trust (Z1) and Retention (Y2)

According to Table 4.22, Motivation (Z2) significantly acts as a mediator in mediating the influence of Trust (Z1) on Retention (Y2) with a mediation path coefficient of 0.337. The significance test of the t-statistic shows a value of 2.168, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.000). This finding confirms that Motivation (Z2) significantly plays a mediating role in mediating the influence of Trust (Z1) on Retention (Y2) within the 95% confidence interval from 0.051 to 0.63.

8. Mediation Effect of Trust (Z1) and Motivation (Z2) on the Relationship between Behavior Com LT (X) and Retention (Y2)

The research results in Table 4.22 show that Trust (Z1) and Motivation (Z2) significantly act as mediators in mediating the influence of Behavior Com LT (X) on Retention (Y2) with a mediation path coefficient of 0.314. The significance test of the t-statistic shows a value of 0.029, exceeding the critical threshold of 1.96 at a significance level of 0.05 (p-value: 0.000). This finding confirms the significant mediating role of Trust (Z1) and Motivation (Z2) in mediating the influence of Behavior Com LT (X) on Retention (Y2) within the 95% confidence interval from 0.048 to 0.586.

C. Model Suitability Test Analysis or Goodness of Fit (GoF) Test

Table 6. Goodness of Fit Index (GoF)

Rerata Communality	Rerata R square	Indeks GoF	
0.667	0.775	0.517	

Source: Smart PLS Output 3(2024)

Table 7. SRMR Test

	Saturated Model	Estimated Model
SRMR	0.043	0.048

Source: Smart PLS Output 3(2024)

Tables 6 and 7 produce the Goodness of Fit (GoF) model $(0.667 \times 0.775) = 0.517$, indicating a high GoF category with a good fit between the model and empirical data. The SRMR analysis shows a value of 0.043, indicating an excellent fit between the model and empirical data. The low SRMR value suggests high accuracy in reproducing the correlation matrix of the data, confirming a strong match between the model structure and the actual relationship patterns in the empirical data. With these results, the model is considered suitable for the observed data, enhancing confidence in the quality and validity of the model.

DISCUSSION

Performance

Performance, referring to the assessment of goal achievement, encompasses not only individual outcomes but also the methods employed (Armstrong, 2021). Begum, and Sultana (2018) depict performance as the accomplishment of specific tasks against set standards of accuracy, completeness, cost, and speed. High-performing employees are key to organizational goals and objectives, contributing to competitive excellence and overall organizational success. Performance management, as an integral part of organizational success, must be closely monitored Gruman and Saks(2011). Monitoring employee performance helps organizations evaluate returns on investment and achieve their goals (Adler,2001). Improved performance has the potential to enhance job satisfaction and employee performance(Schell, 2019), fostering positive relationships that motivate employees and achieve desired company outcomes. Inspiration, capability, and opportunities for gain are key factors influencing employee performance(Michael Armstrong, 2009). The work environment, tools, meaningful tasks, performance expectations, and feedback are variables influencing the dimensions of inspiration and employee capability (Michael Armstrong, 2009).

Increased productivity through employee performance is a primary focus in organizational behavior and human resource development literature. Effective employee performance management, including performance appraisal, is a crucial element in the human resource development portfolio(Pradhan & Jena, 2017). Performance involves expected process and outcome aspects in job tasks (Guo et al., 2016). Behavioral engagement and expected outcomes are interrelated but complexly influenced by motivation and cognitive ability. Task performance includes explicit behaviors in fulfilling job responsibilities(Pradhan & Jena, 2017). Employee performance, in general, is defined as "behavior or actions relevant to organizational goals" (Rotundo, 2002). Performance can also be interpreted as work behavior or job results achieved by an individual in completing assigned tasks and responsibilities within a specific timeframe (Kasmir 2016:182). Effective performance measurement, as advised by Harbour's recommendations (Gavalas, et al 2022), determines company success. Modern systems evaluate multi-dimensional and non-financial performance, providing investors with valuable insights into corporate tactics (Koopmans et al., 2014). Individual performance is influenced by factors such as human, methodological, and organizational environmental

aspects (Muchdarsyah, 2018). Abilities, knowledge, job design, personality, work motivation, and organizational culture also play crucial roles (Kasmir 2018).

Trust

Trust at the organizational level is intricate, involving factors such as corporate mission, senior leadership vision, culture, values, and ethics. It encompasses workforce and broader organizational aspects(Will Ott, 2021). Organizational trust involves both interpersonal and institutional aspects. Lewicka(2014) highlights different dimensions and types of trust in the organizational context, covering competence, benevolence, integrity, and relationships among coworkers, managers, and employees. Tzafrir and Gur (2007) describe trust as the willingness to enhance resources based on positive expectations from past interactions, involving the belief that one will not harm the other party. Trust builds cooperation through mutually beneficial behavior, while uncertainty constrains trust(Biswas & Varma, 2007; Brockner et al., 1997; Currall & Epstein, 2003).

Trust, especially interpersonal trust, is critical in the business context (Lewicka, 2014). Organizational trust values are reflected through employees' overall evaluations (Max Weber, 2000). mployee trust in organizational actions influences performance (Li, Yan, and Jin, 2007). Organizational leaders play a crucial role in building workplace trust (Onnis, 2019). Trust is also linked to conflict reduction and increased innovation (Will Ott, 2021). It is essential for management to manage and build trust, impacting employee relationships and performance holistically (Guney & Karabulut, 2019). Organizational trust involves personal conflict aspects requiring problem-solving and is related to individual or organizational integrity, justice, and reliability (Yildiz, 2019). Affective components include emotional trust, the complexity of emotional reasoning, and proactive influence based on expectations of fair and honest behavior (Edelman, 2021; Håvold & Håvold, 2019). Trust based on affection and influence is necessary for sustainable organizational development and optimal performance (Roderick M. Kramer, 1998; Wulandari & Burgess, 2011).

Trust cannot be bought but must be earned over time. A leader's clear understanding of the role of trust facilitates significant change (Will Ott, 2021). Trust fundamentally involves an individual's belief in the reliability of another person's promises (Pavlou & Stewart, 2003). When employees trust leaders, they tend to believe that the company will act fairly and not be opportunistic (Shih, 2004). Lack of trust can lead to resistance to the company and has been proven to affect behavioral responses (Pavlou & Stewart, 2003). Strategic trust supports competitive advantage and strong human relationships in a sustainable organization. Individual trust in organizational goals and policies reflects satisfaction and commitment (Hasan, 2021; Schilke et al., 2021). Measuring organizational trust, such as team or employee trust, is challenging directly. Measurement through surveys allows the diagnosis of issues affecting these interactions (Will Ott, 2021).

In measuring organizational trust(Hasan, 2021), using elements of integrity, benevolence, and ability aligns with Robbins, S. P., & Judge(2013) concept. Robbins, S. P., & Judge(2013) along with Will Ott(2021) propose dimensions of competence, benevolence, and integrity. Yildiz, (2019) combines dimensions of integrity, justice, and reliability to measure employee relationships with both superiors and fellow employees.

Motivation

Motivation, according to Kinicki(2008), is a psychological process that drives individual behavior to achieve goals. This drive plays a key role in decision-making, particularly in the business world influenced by increasing sector pressures (Wasylyshyn, 2014). Motivation is also defined as the drive to tackle challenges, achieve goals, and enhance oneself (Kinicki,2008). Achievement motivation, or the need for achievement, is the force of an individual's desire to excel in various tasks and succeed compared to others (Glinow and

McShane, 2009). Individuals with high achievement motivation tend to seek moderate challenges, while those with low motivation prefer tasks that are either easier or more difficult (Filgona et al., 2020). Motivation, according to Kanfer, et al (2017) and Anthony Graffeo (2019), influences the skills, career, and allocation of individual resources in pursuing self-desired goals. Citing Locke and Schattke(2018), when motivation affects performance, commitment to goals is required. Individuals or groups need to make wholehearted efforts to achieve those goals. According to Gerhart & Fang(2015), motivation has two main dimensions: Intrinsic Motivation, arising from within oneself due to natural satisfaction; and Extrinsic Motivation, arising from external influences such as rewards or money. Intrinsic motivation involves internal desires, while extrinsic motivation originates externally to the individual(Locke & Schattke, 2018; Wigfield et al., 2021).

Employee Retention

Large investments in employee retention require a profound understanding of the underlying motivational theories. Facing low unemployment rates, organizations need to revise their employee retention strategies. Agarwal(2020), emphasizes the importance of developing retention strategies based on existing theories. According to Hale (Shah, et.al 2018), 86% of employers struggle to attract new employees, and 58% face difficulties retaining them. Even in times of high unemployment, organizations remain focused on retaining their best employees. Employee retention, as a combination of policies and procedures, allows organizations to keep their talent longer(Mohammad Najib et al 2019). This not only saves costs but also enhances competitive advantage through increased intellectual capabilities. Employee retention poses a significant challenge in the 21st century that requires careful handling (Narresh S 2019), especially with the phenomena of job turnover and brain drain haunting developing countries (Bikefe & Daniel, 2022).

Employee retention, a relative concept, is influenced by job satisfaction, organizational commitment, career expectations, and leadership styles. Pahi, and Ahmed(2016), highlight the role of intrinsic and extrinsic motivation in retaining employees. Corporate strategies, including work-life balance, compensation, and career development, also play a role (Shah et al,2018). Employee retention becomes a crucial focus in a competitive global business, with organizations investing to maintain competitiveness and avoid the costs of new recruitment (Cerutti, 2020). Employee retention challenges need to be handled carefully, considering job turnover and brain drain can lead to lower retention rates (Igbal, 2017). Gorde (2019), asserts that employee retention is not just about records and reports but depends on employers' understanding and assistance with employee issues. According to him, employee retention is the organization's ability to retain employees. Gorde (2019) emphasizes that employee retention is related to people management, not just records. Understanding employee needs, including recognition, opportunities, and the work environment, supports retention goals(Fatima, 2011). Retention processes, such as identifying turnover costs, understanding the causes of employee exits, and implementing retention strategies, need to be applied to reduce organizational losses (Gorde, 2019). Factors such as loyalty, trust, and workplace conditions also directly or indirectly affect employee retention (Bikefe and Daniel, 2022). Feedback becomes crucial in business competition (Gohar & Qureshi, 2021).

Employee retention depends on management-employee relationships and compensation motivation (Bharadwaj & Yameen, 2020). Organizational culture plays a crucial role in retaining employees(Alkafafy et al., 2022). Facilities and the work environment influence employee satisfaction and retention (Gao et al. 2021). Benefit programs such as health, retirement, and paid leave support work-life balance (Gao et al., 2021). Effective leadership is the key to employee motivation(Biason, 2020).

Transformational Leadership Communication Behavior

The role of leadership in organizations is crucial in retaining employees. Leadership that treats employees with respect and builds a climate supportive of retention has a positive impact(Chitra, 2013; Tian et al., 2020). A positive relationship between leaders and employees, supported by positive feedback and leader interest, contributes to employees' desire to stay in the organization (Khalid et al., 2016; Mey et al., 2021). Conversely, a poor relationship can lead to dissatisfaction and a desire to leave (Gwavuya, 2011). Effective leadership styles can influence employees' intentions to stay or leave (Farahnak et al., 2020; Gilbert et al., 2016). Northouse(2019) asserts that inappropriate leadership styles can directly affect employee performance and retention in contemporary organizations. Burns(2007) distinguishes two types of leadership: transactional and transformational. Transactional leadership focuses on the exchange between the leader and followers, similar to politicians promising "no new taxes" or managers offering promotions (Northouse, 2019). However, research shows that employees value transformational leadership, which includes encouraging creativity, recognizing achievements, building trust, and inspiring a collective vision (Notgrass, 2014; Peng et al., 2020).

Transformational leadership involves a process of building relationships that enhance motivation and morality, addressing followers' needs to achieve their full potential (Keskes et al., 2018; Mathende & Yousefi, 2021). An example is Mahatma Gandhi, who inspired hope and transformed himself(Northouse, 2019). In the organizational context, transformational leadership reflects humanistic justice values and can enhance both the leader's and followers' moral values (Mason, Griffin, and Parker, 2014). The concept of transformational leadership by Burns (2007) emphasizes moral improvement but is challenging to apply to negative leaders like Hitler. Avolio and Bass (Meiryani et al., 2022) coined the term pseudotransformational leadership for leaders who are self-centered and exploitative. Pseudotransformational leadership focuses on the leader's self-interest, while authentic transformational leadership involves leaders who socialize and prioritize collective well-being (Bouranta, 2021; Bruce J. Avolio & Bass, 2002; Moin et al., 2021). In four experimental studies, Christie et al., (2011) established the initial model of pseudotransformational leadership, showing selfish and less caring transformational leadership. In response to the ethical complexity of authentic transformational leadership. Zhu et al. (Northouse, 2019), proposed a theoretical model exploring the positive impact of authentic transformational leadership on followers' moral identity and moral emotions. They hypothesized that this influences individual and group moral decision-making and actions, as well as the group's ethical climate. The validity of this model needs further testing (Argia and Ismail 2013; E. Nuel et al, 2021).

In the mid-1980s, Bass (Northouse, 2019) developed and refined transformational leadership, expanding on Burns (1978) and House (1976) work. Bass(Northouse, 2019) emphasized the followers' needs and described transactional and transformational leadership as a continuum. Knezović and Drkić(2021), emphasized that transformational leadership motivates followers beyond expectations through increased awareness and goal values. Transformational leadership is associated with improved performance and the development of followers' full potential (Buil et al., 2019). Those with transformational leadership possess strong internal values, motivating followers to act for the common good (James M. Strock, 2010). The intention to lead transformationally correlates with effective leadership behavior (James M. Strock, 2010).

The Influence of Transformational Leadership Communication Behavior on Employee Trust

The research indicates that the variables of Transformational Leadership Communication Behavior, particularly Task Performance and Intrinsic Motivation, have a significantly positive impact on employee motivation. Intrinsic Motivation contributes dominantly, accounting for 91.59%. Hypothesis testing confirms a significant influence, with an effect within a 95%

confidence interval ranging from 0.109 to 0.732. These findings strengthen previous research and demonstrate that leaders with consistent transformational communication behavior can enhance employee motivation. Trust also plays a significant mediating role of up to 63%, reinforcing the positive effect of transformational leadership communication behavior on employee motivation at PT. Ace Hardware Indonesia, Tbk.(Berson & Avolio, 2004; Jayaweera, 2015; Jiang & Shen, 2018; Joshi, 2022; Kanfer et al., 2017; Locke & Schattke, 2018; Maiorescu-Murphy, 2022; Y. Wang, 2020; Yue et al., 2019).

Transformational Leadership Communication Behavior Influences Employee Retention

Transformational Leadership Communication Behavior, encompassing trust, satisfaction, consistency, loyalty, task performance, and perception, is integral for organizational success(Northouse, 2019; L. Wang et al., 2020; Y. Wang, 2020). Retention(Y1), driven by factors like employee-company relations, compensation, career, and support, is significantly influenced by Transformational Leadership Communication Behavior(X). Approximately 83.91% of Retention(Y2) changes are observed in Workplace Environment(Y2.5.1). Compensation(Y2.2.6) significantly impacts Retention(Y2), indicating a 90.63% performance increase. Positive Transformational Leadership Communication Behavior(X) changes boost Retention(Y2) up to 0.738 (Gabel-Shemueli and Riva Zaferson 2021; Park and Pierce 2020; Prasetyo et al. 2021; Robbins and Davidhizar 2020; Shah, Asad, and Lahore 2018; Tian et al. 2020; Yücel 2021).

Trust, consistency, loyalty, and support contribute significantly to retaining employees. Transformational communication improves job satisfaction, while consistent leadership fosters stability. Motivation serves as a crucial mediator, explaining 16.7% of Behavior Com LT(X) impact on Retention(Y2) (Dwipayana and Suwandana 2021; Khalid, Pahi, and Ahmed 2016). PT. Ace Hardware Indonesia, Tbk benefits from effective Transformational Leadership Communication, enhancing retention and overall organizational success.

Trust influences employee work motivation

Coefficient analysis finds competence as a significant factor influencing trust, suggesting that expertise contributes to the trust given by others. Among all tested factors, loyalty is identified as the most significant variable in depicting trust (Guney and Karabulut 2019; Håvold and Håvold 2019; Pintor et al. 2020). This implies that loyalty has the strongest impact on the trust given by others. Coefficient analysis shows that changes in Motivation (Z2) are reflected in Extrinsic Motivation (Z2.2.3). However, Intrinsic Motivation (Z2.1.2) plays a more significant role in reflecting Motivation (Z2), highlighting internal factors like personal satisfaction, interest, or growth desire. The hypothesis confirms that Trust (Z1) significantly affects Employee Work Motivation (Z2) (Guney and Karabulut 2019; Håvold and Håvold 2019; Pintor et al. 2020). The significant influence of Trust (Z1) on Motivation (Z2) can be observed by considering trust-related variables - Integrity, Competence, Loyalty, and Openness – and their relationship with Intrinsic and Extrinsic Motivation at PT. Ace Hardware Indonesia, Tbk. High integrity, competence, loyalty, and openness contribute to strong trust, providing a solid foundation for employee motivation, especially in achieving common goals. The belief in competence and loyalty enhances motivation for better performance, while openness in communication creates an environment where employees feel valued, leading to increased intrinsic motivation. Trust elements have the potential to motivate both intrinsically and extrinsically, forming a robust basis for enhancing employee motivation at PT. Ace Hardware Indonesia, Tbk.

Employee Trust Influences Employee Performance at PT. Ace Hardware Indonesia, Tbk

Performance analysis of employees involves assessing factors such as quality, quantity, timeliness, effectiveness, autonomy, and interpersonal relationships, detailing the contribution

of each factor to the performance variable. The lowest factor loading on effectiveness indicates that, despite its lower impact, this factor remains significant. Specifically, autonomy emerges as the strongest element reflecting performance, illustrating that independent employees have a significant impact on overall performance. Hypothesis testing results reinforce that employee trust, including integrity, competence, loyalty, and openness, significantly influences performance. This aligns with previous research findings (Gabel-Shemueli and Riva Zaferson 2021; Guney and Karabulut 2019; T. Islam et al. 2021; Khan et al. 2020; Mahdikhani and Yazdani 2020; Mutha and Srivastava 2021; Pintor et al. 2020), emphasizing the crucial role of trust in enhancing employee performance. Therefore, efforts to improve performance at PT. Ace Hardware Indonesia, Tbk can be focused on developing these trust-related aspects.

Employee motivation has a significant effect on employee performance at PT. Ace Hardware Indonesia, Tbk

Hypothesis testing results reveal a significant influence (0.048 < 0.05) of Motivation (Z2) on Employee Performance (Y1), driven by the significance of Intrinsic Motivation in forming the Motivation variable and Independence as a significant indicator in shaping performance. This confirms previous research asserting the significant impact of employee motivation on performance (Kuswati 2020; Paais and Pattiruhu 2020; Umut Eroğlu 2020). Intrinsic Motivation encompasses internal motivational factors such as personal satisfaction, interest, and a sense of achievement. High levels of Intrinsic Motivation provide internal impetus for employees to perform tasks with enthusiasm and dedication, positively influencing Employee Performance, especially in quality, effectiveness, and independence. Independence reflects employees' ability to work autonomously and take initiative, positively affecting performance, particularly in terms of timeliness, effectiveness, and quality. The combination of Intrinsic Motivation and Independence positively influences Employee Performance, as high Intrinsic Motivation triggers increased independence in task execution. Intrinsic Motivation serves as a foundation for internal satisfaction and interest in work, contributing to enhanced independence in task execution, ultimately impacting overall Employee Performance at PT. Ace Hardware Indonesia, Tbk.

Employee motivation influences employee retention

The hypothesis testing results indicate that Employee Motivation significantly influences retention (0.001 < 0.05), highlighting that motivated employees are more likely to stay longer due to increased loyalty and commitment. High motivation fosters a work environment promoting loyalty, job satisfaction, and commitment. Enhancing employee motivation emerges as an effective strategy to retain talent and reduce turnover. This aligns with prior research emphasizing the impact of employee motivation on retention (Brown, Manegold, and Marquardt 2020; Leena James and Lissy Mathew 2022; Park and Pierce 2020; Shah et al. 2018; Yamin 2020; Yücel 2021). Increased motivation also positively affects workplace climate and productivity, as motivated employees actively contribute, initiate, and participate in achieving company goals. Achievement, job satisfaction, and recognition further drive commitment and loyalty, contributing to a strong retention environment. Overall, employee motivation plays a crucial role in influencing retention, engagement, and overall performance, emphasizing the strategic importance of investing in motivational strategies within an organization. The research's hypothesis testing results additionally confirm that Motivation (Z2) significantly acts as a mediator, influencing Trust (Z1) on Performance (Y1) and mediating the impact of Behavior Com LT (X) on Performance (Y1). Trust (Z1) and Motivation (Z2) also significantly mediate the influence of Behavior Com LT (X) on Performance (Y1). Furthermore, Trust (Z1) significantly serves as a mediator in mediating the impact of Behavior Com LT (X) on Performance (Y1). Additionally, Motivation (Z2) significantly acts as a mediator in mediating the influence of Trust (Z1) on Retention (Y2), and Motivation (Z2) also serves as a mediator in mediating the impact of Behavior Com LT (X) on Retention (Y2).

Implications For Companies

This research has significant implications for PT. Ace Hardware, TBK in enhancing leadership effectiveness and employee well-being. The findings on the positive impact of transformational leadership communication behavior on trust, motivation, retention, and employee performance emphasize the importance of reinforcing this leadership style through training and development programs. Management can focus on strategies to increase employee trust, proven to influence motivation, performance, and retention. Activities such as open and transparent communication and fair policies can support trust-building.

The discovery that transformational leadership communication behavior affects employee retention and motivation serves as the basis for the development of relevant programs. Initiatives such as recognition of achievements, career development, and improvements in the work environment can be strengthened. Trust, as the foundation for creating a positive work environment, should be a focal point in the company's strategy. Considering the findings that motivation influences performance and retention, the company can design motivational programs that create an environment supporting employees in high-performance endeavors. Sustained efforts to improve leader-employee relationships, build trust, and create a motivating work environment are crucial. Regular reviews and policy updates can support continuous improvement, and by considering these implications, PT. Ace Hardware, TBK can take concrete steps to enhance employee well-being and overall organizational effectiveness.

Conseptual Framework

Transformational Leader Communication Strategy with Employee Trust

Transformational leaders show attention and support to individuals and groups, enhancing trust, and influencing employee satisfaction (Men, 2014; Northouse, 2019). Transparent and participative communication in transformational leadership shapes an open and positive communication climate, supporting employees' affective commitment(Yue et al. 2019; Zainab et al. 2022; Wang et al. 2020). Communication transparency affects employees' openness and trust (Islam et al., 2021; Jensen & Bro, 2018). Transformational leader communication strategies correlate with employee trust, which overall influences organizational and individual performance (Stouten et al., 2018). This relationship forms the basis for hypothesizing the positive impact of transformational communication on employee trust and performance (Neill et al., 2020).

Based on previous researchers, it can be synthesized that the relationship between transformational leader communication strategies and employee trust is closely related to employee and organizational performance. Researchers can propose hypothesis 1 regarding this relationship.

H1: Transformational leadership communication behavior influences employee trust at PT. Ace Hardware Indonesia, Tbk.

Communication Strategies of Transformational Leaders with Employee Motivation

The communication behavior of transformational leaders drives employees to achieve high performance through compelling visions and missions, as supported by research (James MacGregor Burns 2007;Berson and Avolio 2004; Jensen et al. 2018; Moynihan et al. 2012). Transformational communication also positively influences self-confidence and creates enthusiasm and shared values, forming the basis for high performance and trust in the workplace (Nielsen et al. 2019). Transformational leadership and effective leader communication behavior positively affect team trust, employee engagement, and work

motivation(Mutha and Srivastava 2021; Afsar and Umrani 2020; Andriani et al. 2018; Jensen and Bro 2018; Khan and Cai 2022).

Based on several previous literatures, it is evident that the communication strategies of transformational leaders play a crucial role in influencing employee work motivation. Therefore, the research's second hypothesis can be formulated as follows:

H2: Transformational Leadership Communication Behavior influences employee work motivation at PT. Ace Hardware Indonesia, Tbk.

Communication Strategies of Transformational Leaders with Employee Retention

Through transparent communication, transformational leaders can achieve organizational goals (Cowin 2002; Yamin 2020; Men 2014), retain high-performing employees through reward systems (Prasetyo et al., 2021), and enhance employee performance(Gabel-Shemueli & Riva Zaferson, 2021). Transformational leaders also play a role in improving employee retention (Shah et al., 2018), reducing the desire to leave the company(Park & Pierce, 2020). In their analysis, Lee et al. (2022) demonstrated that transformational leadership practices are a crucial factor in maintaining employee retention in a company. This finding is supported by other research studies (Tian et al. 2020; Robbins and Davidhizar 2020; Yücel 2021; Park and Pierce 2020).

Based on the reviewed literature, it can be concluded that communication in transformational leadership has a significant correlation with employee retention in a company. Thus, the researcher formulates the research's third hypothesis as follows:

H3: Transformational Leadership Communication Behavior influences employee retention at PT. Ace Hardware Indonesia, Tbk.

Employee Trust and Employee Motivation

Trust generally refers to the rational response or psychological state that influences an individual's willingness to accept uncertainty and risk, as well as vulnerability to the actions, motives, and decisions of others (Han, Tzu-shian, Hsu-hsin Chiang 2009; Boonlertvanich 2011; Caldwell and Dixon 2010; Leeman and Reynolds 2012; Serhat Erat, 2012).

Håvold and Håvold (2019), as well as Pintor et al. (2020) highlight trust as a mediator that influences the relationship between variables such as expertise, transformational leadership behavior, and employee motivation. Both studies show positive and significant results regarding motivation. In a different context, Guney and Karabulut(2019), view trust as a key predictor of motivation, and their research confirms the significant influence of trust on employee motivation. These findings reflect the importance of the role of trust in mediating and predicting factors that affect employee motivation in the workplace (Guney & Karabulut, 2019; Håvold & Håvold, 2019; Pintor et al., 2020).

Through the literature review above, it can be concluded that trust has a positive impact on employee motivation. Therefore, the researcher formulates hypothesis 4 as follows:

H4: Trust influences employee motivation.

Employee Trust and Employee Performance

Employee behavior influences company performance and the level of job autonomy (Pučetaite et al. 2010;Gulati and Sytch 2008). Employee trust in managers, as a belief in reliability and capability, plays a crucial role in influencing behavior and, ultimately, company performance. This level of trust reflects the extent to which employees trust managers to be honest and fair, affecting the avoidance of opportunistic behavior and significantly influencing company performance (Guney and Karabulut 2019:Gabel-Shemueli and Riva Zaferson 2021; Khan et al. 2020). Employee trust in leaders or organizations is reflected in the level of employee engagement in the company. This trust, along with the leader's appreciation of job performance, significantly impacts employee performance(Adi Indrayanto, John Burgess,

Kandy Dayaram, 2014; Gabel-Shemueli & Riva Zaferson, 2021; Islam et al., 2021; Katou, 2015; Mahdikhani & Yazdani, 2020; Mutha & Srivastava, 2021; Pintor et al., 2020)

From the analysis of the literature, it is evident that trust plays a significant role in influencing employee performance and company performance. As a result, the researcher can formulate the research hypothesis as follows:

H5: Employee trust influences employee performance at PT. Ace Hardware Indonesia, Tbk

Employee Work Motivation and Employee Performance

In the study(Andriani et al., 2018; Saemu Alwi,Sri Wiyati Mahrani, 2022), motivation is identified as the main variable in predicting employee performance. Motivation, along with skills and competencies, becomes a determinant factor of employee job performance, reflecting high commitment to the organization (Afsar & Umrani, 2020). In the concept of Khan et al.(2020), motivation is considered as a mediating variable in the influence of transformational leadership on performance, although the results are not significant. However, the direct relationship between motivation and performance remains positive and significant (Paais and Pattiruhu 2020; Kuswati 2020; Umut Eroğlu 2020).

From the literature review above, it can be concluded that motivation has a significant impact on employee retention and company performance. Therefore, the researcher can formulate the research hypothesis as follows:

H6: Employee motivation influences employee performance at PT. Ace Hardware Indonesia, Tbk

Employee Work Motivation and Employee Retention

Motivation plays a crucial role in job satisfaction and employee retention. No other variable is as effective as motivation in building employee retention. Motivation serves as a catalyst for personal success. Team leaders and executives need to continually encourage personnel to reach their full potential (Cowin 2002; Yamin 2020; Guney and Karabulut 2019; Park and Pierce 2020; Umut Eroğlu 2020). The conceptual model by Lee et al.(2022) establishes motivation as a mediating variable for employee retention, with positive and significant results. The findings align with results from Shah et al(2018); Yamin(2020); and Park and Pierce(2020), indicating motivation as a predictor of employee retention. Employee performance is also identified as a cause of employee retention in the company (Yücel, 2021).

From the reviewed literature, it is concluded that motivation plays a role as a predictor and mediator variable in influencing employee retention in the company. Therefore, this study can formulate the hypothesis as follows:

H7: Employee motivation influences employee retention at PT. Ace Hardware Indonesia, Tbk

Referring to the theories of experts and the results of relevant research literature, this study formulates a conceptual framework depicted in the figure below.

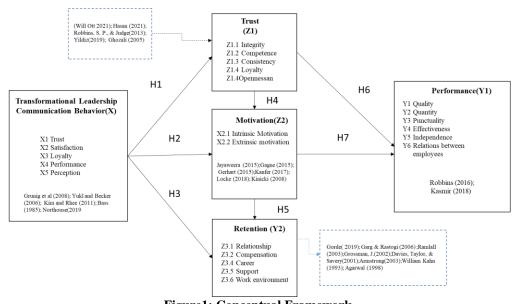


Figure1: Conceptual Framework Source: Processed by Researchers (2024)

CONCLUSION

This research presents significant findings regarding the relationship between transformational leadership communication behavior, trust, motivation, performance, and employee retention at PT. Ace Hardware, Tbk. The results underscore the importance of developing transformational communication skills at the leadership level, with trust as a key mediator. Strengthening trust forms the foundation for creating a positive work climate. Findings regarding the positive impact of motivation on performance and retention highlight the need for company efforts to create a motivating environment that meets employee needs. Corporate strategies should focus on motivation programs to support high performance and maintain employee satisfaction and loyalty. The research implications provide in-depth insights for PT. Ace Hardware, Tbk in addressing challenges and designing context-appropriate organizational strategies. These conclusions emphasize the importance of ongoing efforts to improve the relationship between leaders and employees, build trust, and create a motivating work environment. Periodic reviews and updates can support continuous improvement to enhance employee well-being and the company's competitiveness in the ever-evolving industry.

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