

PRIMARY RESEARCH

How knowledge-oriented leaders drive success: A study on enhancing employee job performance and retention via self-efficacy and expectations

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Keywords

Knowledge-oriented leadership
Employee retention
Job performance
Job self-efficacy
Negative reinforcement

Abstract

This research examines how knowledge-oriented leadership impacts employee retention and job performance, through mediation by job self-efficacy and job expectations. This study uses Social Cognitive Theory (SCT) to examine how knowledge-oriented leadership as an environmental influence has favorable behavioral consequences as an outcome of an important personal cognitive variable. This study surveyed data from 333 permanent employees across operational, administrative, coordinator, and supervisory levels at a multinational manufacturing company in Indonesia and used Smart-PLS 3.0 to analyze the data. The data revealed evidence that knowledge-oriented leadership significantly impacts both employee retention and job performance. All four mediation hypotheses were supported; therefore, both job self-efficacy and job expectations functioned as important mediators of knowledge-oriented leadership. Job expectations were the primary mediator of job performance. The study provides strong empirical support for SCT in a collectivist setting and reinforces the need for leaders to build confidence and provide clarity and role fulfillment to stabilize and increase workforce productivity. This study also provides practical recommendations for organizations looking to strengthen these psychological mediators to improve Human Resource outcomes.

Received: 16 March 2025**Accepted:** 30 June 2025**Published:** 21 August 2025

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INTRODUCTION

In today's evolving business landscape, job performance is an important driver of long-term organizational success and growth (Ghlichlee et al., 2025). Human resource management practices must be systematic and continuous to support competitiveness and growth (Sahibzada et al., 2023). Human capital is crucial in determining both organizational outcomes and wider societal influences. Through methodical management and development techniques, the quality of human capital has a major impact on work performance (Jia et al., 2024). Job performance is understood as the value of an employee performing the activities and responsibilities associated with their position, related to accomplishing the organization's strategic objectives. It implicates both in-role behaviors (specific job tasks formally required) and extra-role behaviors (voluntary be-

haviors that foster the organizational, social, and psychological environment). Chughtai and Khan (2024), will expect employees to be equipped with the skills and confidence to execute their existing duties, and adapt to new challenges, enhancing performance outcomes.

To prevent knowledge and expertise from leaving the company and lower the expense of hiring and training new staff, employee retention techniques are among the most crucial elements required (Altaf et al., 2025). According to Setyaningrum et al. (2024), the most significant negative effects of unmanaged employee retention within a company include high turnover rates and losses as workers transfer to rival companies using the knowledge and abilities they have acquired there. High retention rates are connected with low recruitment and training costs, sustaining institutional knowledge, and increased team

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stability, all of which contribute positively to long-term profits and operational efficiency (Gelencsér et al., 2023). For the manufacturing industry, it is essential to retain skilled operational, administration, coordination, and supervision staff to ensure continuity in quality and productivity (Bekhit et al., 2023; Lee et al., 2022).

Knowledge-oriented leadership develops psychological safety in employees, allowing them to share their observations and acknowledge missteps (Ghlichlee et al., 2025). Rather than focusing on the procurement of the right outcome for just the task, the intent is to create an ongoing learning organization in a state of innovation, which we believe to be the underlying influence of KOL in impacting employee attitudes and behaviors both in terms of work tasks and the organization (Chughtai & Khan, 2024). KOL is an increasingly important source of competitive advantage that emphasizes creating, sharing, and using knowledge (Sahibzada et al., 2023). Even though there is some evidence of a positive link between leadership and employee outcomes, we need to understand the psychological mechanisms for developing organizations. Knowledge-oriented leaders may support a learning environment and foster cognitive learning by trying new behaviors and allowing their employees the freedom to explore and exploit knowledge that benefits their firms, rather than through KOL (Jia et al., 2024). Employees can learn better and respond better to unforeseen uncertainty when their leaders encourage the firms they work for to acquire and share knowledge (Malik et al., 2023).

Job self-efficacy is indirectly related to life satisfaction (Setyaningrum et al., 2024). An individual may make progress with their teaching objectives because they feel effective in completing various tasks and accomplishing objectives related to their employment, which is associated with life satisfaction (Cayupe et al., 2023). Job self-efficacy refers to an individual's perception of their capacity to successfully perform specific tasks associated with their job. Based on social cognitive theory, high self-efficacy contributes to employees being more resilient, motivated, and pursuing challenging goals (Hassan et al., 2024). Kondratowicz et al. (2022) contributes to self-efficacy through the sharing of needed knowledge with employees and opportunities to develop skills. The increased perceived capacity acts as an important psychological mediator, leading to a positive leadership style that results in customer performance and increased intentions on the part of the employee to remain employed (Cayupe et al., 2023; Setyaningrum et al., 2024).

Job expectations can be described as an employee's thoughts and expectations regarding the benefits of a job or organization (Setyaningrum et al., 2024). Knowledgeable leaders can improve their workplace's levels of clarity, communication, and

transparency about job roles and future opportunities. The present study suggests that it also helps align employee expectations within the organization, resulting in lower levels of debilitating disappointment and unmet psychological contracts, thereby mediating the relationship between leadership and desirable workplace outcomes, including retention and performance (Yeşilkaya & Yıldız, 2023). The effectiveness of these techniques may be determined by how well they fit the task. This creates a significant research gap, particularly in our understanding of the complex link between knowledge-oriented leadership and employee retention and job performance across the dimensions of job expectations and self-efficacy (Setyaningrum et al., 2024; Vicsek et al., 2025).

A theoretical foundation for understanding how employee perceptions of the workplace environment influence job performance is Social Cognitive Theory (SCT) (Bandura, 2001). SCT posits that human cognition, emotions, and behaviors can be directly and indirectly shaped by sources of information, inspiration, and guidance through three interrelated determinants of psychological functioning: behavioral factors, cognitive personal factors, and environmental factors (Schunk, 2012). The theory highlights the importance of social interaction- including interaction, imitation, and observation- in the learning process. Consistent with the influence of SCT's environmental factors on human behaviors and performance outcomes, a growing body of research from multiple industries suggest that supportive workplace environments lead to enhanced motivation and subsequently greater employee performance (Bandura, 2001; Setyaningrum et al., 2024).

This study makes important contributions. First, it adds to the literature on leadership and organizational behavior by creating and evaluating a dual mediation model. By simultaneously measuring both job self-efficacy and job expectations as mediators at the same time, this study offers a deeper perspective on the psychological pathways through which knowledge-oriented leadership influences positive employee outcomes. Second, this study provides practical directions for multinational manufacturing companies in Indonesia and other similar companies located in emerging markets. By confirming the influence of KOL, this study provides a clear rationale for leader development programs to concentrate on promoting knowledge-sharing and learning facilitation behaviors (Hassan et al., 2024; Setyaningrum et al., 2024).

LITERATURE REVIEW

Social Cognitive Theory

The Social Cognitive Theory (SCT), Bandura (2001) provides a robust theoretical framework for examining the interrelations

of personal characteristics, as well as their environment and behaviors as a result of those interrelations. The theory is based on the principle of triadic reciprocal causation, which states that human functioning is a continuous, recursive interplay of three types of factors: personal or cognitive factors, behavior, and circumstance (Luszczynska & Schwarzer, 2020). In manufacturing organizations, knowledge-oriented leadership is an active environmental factor, as leaders organize the work environment by facilitating learning, communication, and access to knowledge resources. It is also posited that this environment will impact the employees' personal factors, their cognitive beliefs about their abilities, and clarity of goals in preparation for actions and subsequent outcomes of the organization (Schunk, 2012). The critical personal factor that has the most potential to be considered through SCT is Job Self-Efficacy (JSE), which is the employee's belief about their ability to engage successfully with job tasks. Work performance is a measure of an employee's capacity to meet formal job criteria, finish activities outlined in job descriptions and attain high levels of task completion effectiveness (Schunk & DiBenedetto, 2020). Work engagement is a pleasant, rewarding work-related state marked by vigor, dedication, and absorption, whereas job self-efficacy is an employee's confidence in their ability to successfully complete job duties (Cayupe et al., 2023).

When leaders encourage the sharing of knowledge, they are giving employees, at a minimum, the tools and models necessary to develop and enhance competence, thus enhancing the employees' self-efficacy beliefs (Liu et al., 2022). Therefore, job self-efficacy mediates work self-efficacy. KOL provide an environment rich in supportive learning from which employees can gain competence, improving their internal confidence (job self-efficacy) and allowing the environmental element to lead to the employee's mindset (Jentsch et al., 2023). Finally, SCT connects psychologically internalized mental beliefs with externally manifested behaviors and affective states. Self-efficacy and job self-efficacy are strong predictors of behavioral outcomes, encouraging higher levels of effort, persistence in the face of challenges, and resilience, while increased job self-efficacy translates directly into improved Job Performance. Job expectations are a predictor of an employee's decision to stay with the organization, and job expectations fit within both the person and organizational expectation factors of SCT (Ochoa Pacheco et al., 2023). KOL clarify expectations regarding growth and contribution, while high job self-efficacy leads employees to believe they can meet expectations. Feeling motivated and capable increases employee attachment to the organization when job self-efficacy works together with organizational expectations to improve long-term employee retention (Yeşilkaya

& Yıldız, 2023). Therefore, SCT effectively explains the entire causal chain, showing how leadership leads to confidence in self-efficacy and expectations, which then drives desirable work behaviors, loyalty, job performance, and retention.

Knowledge-Oriented Leadership

Knowledge-oriented leadership refers to a leadership form that integrates components of transformational leadership (which focuses on being inspirational and motivational) and transactional leadership (which emphasizes the exchange of benefits and rewards), allowing knowledge management to serve as an essential value for organizations to explore and pursue opportunities for innovation (Ghlichlee et al., 2025). Knowledge-oriented leadership amplifies the influence of procedural justice on job self-efficacy by fostering subordinate learning and intellectual inspiration, empowering employees to feel confident about working within their skill set because they evaluate and understand the justness of organizational rules, processes, and policies (Liu et al., 2022). To advance consideration and positionality in the organizational learning process, leadership must be knowledge-based. This is accomplished through regular engagement in mechanisms that form feedback, mentorship relationships, and organized training (Sahibzada et al., 2023). KOL enhances the positive relationship between perceived diversity and job self-efficacy by encouraging workplace learning, intellectual inspiration and employee confidence. This allows employees to better understand and consider organizational diversity, positionality, and impacts (Jia et al., 2024). Finally, knowledge-oriented leadership increases employee engagement at work (Chughtai & Khan, 2024).

The expectation that leadership represents a key component of employee loyalty and retention is an established finding in organizational psychology, with particular leadership styles (e.g., transformational and supportive leadership) linked to decreasing turnover intention (Malik et al., 2023). KOL create a knowledge sharing, creating, and implementing culture in the workplace (Nadi et al., 2022). Such a culture can develop a sense of shared purpose and promote continued learning, which employees tend to appreciate (Meyvanali et al., 2025). When leaders foster and incentivize the use of knowledge assets, employees see the organization as dedicated to their learning and competence, which enhances their affective commitment and, therefore, their desire to stay with the organization (Chaithanapat et al., 2022). Empirical work offers validity to this direct relationship by showing that the positive climate that KOL create is a fundamental driver of employee satisfaction and attachment. For example, it has been found that KOL creates a knowledge-centered culture which increases employee job

satisfaction (Jia et al., 2024; Liu et al., 2022). Creating a positive work environment, providing support, and offering guidance are how a knowledge-based leader effectively addresses the major factors driving employees to remain in place; therefore, the leader-follower relationship and the learning environment become a vital anchor for workforce stability (Chughtai & Khan, 2024; Nadi et al., 2022).

Leaders who engage in a knowledge-oriented style purposefully create the work context to maximize the creation, sharing, and utilization of new information, which is a direct pathway toward improved performance (Ochoa Pacheco et al., 2023). When a leader enables knowledge flow, they equip employees with cognitive resources, troubleshooting strategies, and best practices that allow them to carry out their work more effectively (Sahibzada et al., 2023). In research studies, various empirical evidence supports a direct positive association. Research in many different contexts, including higher education institutions and a variety of industries, has detailed that KOL are positively associated with improved performance outcomes for individuals and teams (Chughtai & Khan, 2024; Ghlichlee et al., 2025). Jia et al. (2024) KOL stimulating cognitive motivation, enabling easier access to knowledgeably critical information, and support toward integration of knowledge collaboratively, all of which ultimately complement performance productivity and effectiveness of employees. Thus, KOL is regarded as a serious organizational innovation toward knowledge processes that ultimately supports better productivity and sustainable competitive advantage (Malik et al., 2023; Sahibzada et al., 2023). Thus;

H1: Knowledge oriented leadership has direct impact on employee retention.

H2: Knowledge oriented leadership has direct impact on job performance.

The Mediating Effect of Job Self-Efficacy

A key component in determining an employee's engagement (Setyaningrum et al., 2024), satisfaction (Cayupe et al., 2023), and final decision to stay with an organisation is self-efficacy, which is defined as an individual's confidence in their ability to complete tasks and overcome obstacles (Hassan et al., 2024). People with high self-efficacy are more likely to welcome difficulties, see difficult jobs as opportunities for learning and development, and feel a sense of achievement at work (Alshammari & Alenezi, 2023; Ochoa Pacheco et al., 2023). Self-efficacy is particularly relevant to work because, for workers, both personal and professional development is at least as important as pay in deciding whether to accept a job offer. They are more likely to feel competent and productive when they have high self-

efficacy, which increases job satisfaction and decreases the likelihood of looking for another job (Jentsch et al., 2023). Highly self-efficacious workers are also more capable of navigating the complexity and constant change in the modern workplace; therefore, they are a tremendous asset for any organization. Knowledge-oriented leaders greatly improve employees' belief in their ability by enabling mastery experiences and vicarious learning through knowledge-sharing forums and intellectual discovery (Sahibzada et al., 2023). For example, when an employee receives information and training from their KOL, they have higher self-efficacy. This self-efficacy acts as a psychological bridge to improved behavioral and affective outcomes. Employees with high self-efficacy stick with it, set more challenging goals, or persevere despite setbacks, which directly relates to job performance (Ghlichlee et al., 2025; Malik et al., 2023). Moreover, the confidence that people gain from self-efficacy and being able to meet the demands of their work creates a sense of fulfillment and achievement related to work. These positive affective states influence employees' desire to stay in their jobs and are therefore seen as work-related overall contentment (Chughtai & Khan, 2024; Liu et al., 2022).

Kondratowicz et al. (2022), self-efficacy along with specific employability characteristics, such as the financial service industry self-efficacy also is a strong predictor of work retention. In addition, Setyaningrum et al. (2024) showed that self-efficacy interventions increased work attitudes and reduced variation for new hires. According to Hassan et al. (2024), self-efficacy is a dynamic concept that changes. Self-efficacy is especially crucial in the workplace because it empowers workers to take charge of many facets of their lives, including their careers. According to Cayupe et al. (2023), self-efficacy assumes a predictive role in relation to many elements of professional activity and job satisfaction, making it an essential tool for analyzing how people function within an organization. Individuals with high self-efficacy had better health than those with low self-efficacy. Kondratowicz et al. (2022) highlighted the significance of self-efficacy in career decision-making in management retention, implying that career development initiatives can enhance it. Ochoa Pacheco et al. (2023) emphasized the significance of self-assessed work performance, probably increasing staff retention in retail environments is influenced by self-efficacy. Therefore, it can be described as the belief in one's ability to apply abilities to achieve objectives (Hassan et al., 2024; Setyaningrum et al., 2024). Thus;

H3: Job self-efficacy has mediating impact between knowledge oriented leadership and employee retention.

H4: Job self-efficacy has mediating impact between knowledge oriented leadership and job performance.

The Mediating Effect of Job Expectations

Job expectations refer to an employee's conscious and unconscious beliefs, assumptions, and expectations about what he or she will experience in their work context and what they will receive in return for their labor and commitment to the organization (Setyaningrum et al., 2024). Job expectations encompass much more than the formal employment contract, which tends to speak to the material, financial, or tangible aspects (e.g., salary, hours of service, and duties) of the employment relationship, but also decision-making and relational aspects to find meaning in work (Yeşilkaya & Yıldız, 2023). When an employee perceives that the organization is upholding its side of the psychological contract by providing expected resources, support, and opportunities, it builds trust, organizational commitment, and job satisfaction for the employee (Ochoa Pacheco et al., 2023). The perception of fulfilling the psychological contract will likely lead to reduced psychological distress and role ambiguity, allowing the employee to focus their energies efficiently, which enhances performance. Furthermore, in contrast to the feeling that organizations are fulfilling the psychological contract, the perception of not fulfilling expectations, or what is considered an organizational breach of the psychological contract, has been associated with negative organizational outcomes such as lower employee engagement, reduced effort, increased cynicism, and, most importantly, increased turnover intentions (Setyaningrum et al., 2024).

Knowledge-oriented leaders who actively articulate career pathways, provide explicit resources for learning, and summarize the knowledge and skills expected to be implemented will help ensure that the employee's perception of the contract is accurate and appropriately reflective of an organization's state (Von Gaudecker et al., 2020). Conversely, ambiguous promises for development or lack of communication are precursors to unmet expectations, which are a key driver of breaching the psychological contract and potential withdrawal behaviors. KOL facilitate a positive knowledge-sharing environment that inherently mitigates employees' expectations regarding competence and career development. Empirical studies consistently show that when employees feel that the organization is fulfilling its end of the agreement, especially regarding training and development, application of skills, and being recognized fairly, their trust and commitment to the organization pull-through in a significant way (Chughtai & Khan, 2024; Malik et al., 2023). Ghlichlee et al. (2025) found that leadership behaviors that clarify and fulfill employee expectations are most effective for value giving when it comes to employee learning opportunities and

turnover intentions. By clarifying expectations to employees and then achieving them, KOL achieves a committed and solid workforce compared to other potential opportunities.

According to Hassan et al. (2024), uncertainty about responsibilities, priorities, and expected outcomes can cause stress and inefficiency, ultimately disrupting performance. Knowledge-oriented leaders must facilitate knowledge sharing. Sharing knowledge requires effective communication regarding who needs to use and apply which parts of the knowledge. This process automatically reduces the role ambiguity. By establishing visibility into the performance goals surrounding knowledge use and feedback, KOL enable employees to clarify job expectations on how they will be evaluated or the criteria behind their successes (Sahibzada et al., 2023). When employees are not uncertain about their role or what resources they have to use (i.e., knowledge of the organization), they can dedicate more energy toward the performance of the task instead of navigating uncertainty (Ghlichlee et al., 2025; Ochoa Pacheco et al., 2023). Research from various industries demonstrates that when role clarity and clarity about expectations are high, it is assumed and often substituted for met job expectations, engagement, and in-role and extra-role performance tend to trend positively (Hassan et al., 2024; Vicsek et al., 2025).

H5: Job expectations has mediating impact between knowledge oriented leadership and employee retention.

H6: Job expectations has mediating impact between knowledge oriented leadership and job performance.

The conceptual framework of this study is shown in Figure 1.

RESEARCH METHODOLOGY

Participants and Data Collection

For this study, data were collected through structured questionnaires administered to permanent employees at a multinational manufacturing organization in Indonesia. The final sample consisted of 333 permanent employees from four organizational levels: Operational, administrative, coordinator, and supervisory. This stratified inclusion was purposeful to ensure that the perspectives and experiences of employees were captured from all parts of the organization, enabling a broad understanding of how leadership and psychological aspects function differently throughout the hierarchy in the manufacturing context. The questionnaire was structured to solicit self-reported data on employees' perceptions of their leaders' knowledge-oriented leadership, their levels of job self-efficacy, the clarity and fulfillment of their job expectations, and their self-reported intentions of employee retention and job performance.

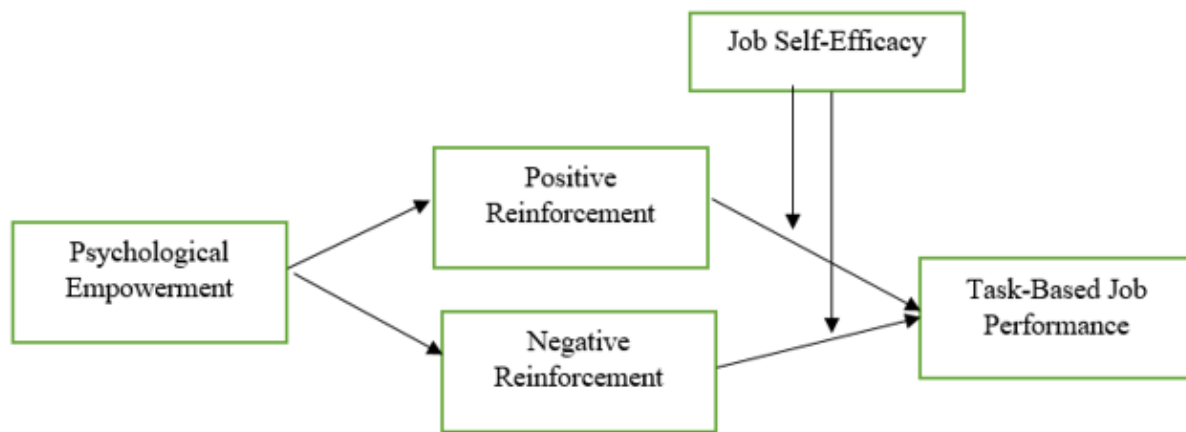


FIGURE 1. Conceptual framework

Sampling and Sample Size

The sampling frame consisted of all permanent employees in operational, administrative, coordinator, or supervisory positions in the identified multinational manufacturing company in Indonesia. A sample $N=333$ was large enough for the intended statistical analysis (i.e., structural equation modeling or multiple regression with mediation analysis), and was deemed to provide sufficient statistical power to detect the expected effects.

Convenience sampling was used, given the bounded study within a single multinational organization, targeting all the permanent employees at the mentioned levels to ensure maximum response and representation within the boundaries fixed by the organization. The bounded level of focus further provides for a controlled environment to reduce factors related to organizational variance - As an example, there are many policies associated with various organizations and industries. Inclusion of policies and organizational factors could skew the results if not uniformly implemented across organizations. The final dataset of 333 respondents was filtered out for data quality, using robust data filtering procedures. Observations that resulted in characteristics like too short of a time to complete the form, or pattern answering (e.g., selecting the same option for all items), were excluded finally, thus decreasing the fidelity of the data to optimize the final analysis.

Measurement

A quantitative approach using structured questionnaires to measure knowledge-oriented leadership, job self-efficacy, job expectations, employee retention, and job performance variables were used in the study. Each of the items comprising the constructs were rated on a five-point Likert scale where each respondent rated the degree of their response from 1 (Complete

Disagreement) to 5 (Complete Agreement). The measurement scales used in the current study were adaptations of existing and validated measures supporting evidence of the psychometric soundness of the data. The scales were translated in a strenuous process to ensure that the wording was translation valid. The scales were translated to Indonesian using a back-translation process to ensure language equivalency and meaning in both languages. In addition, the scales were evaluated for face validity by two management experts to ensure cultural appropriateness and linguistic clarity. Finally, in the data collection process, the survey was distributed in both English and Indonesian to allow for the participants' choice and potentially greater accuracy of understanding and response.

The operationalization of each variable was as follows: Knowledge-oriented leadership was measured using six items taken from (Jia et al., 2024). Job self-efficacy was also operationalized with ten items taken from (Setyaningrum et al., 2024). Job expectations were operationalized with eight items derived from (Setyaningrum et al., 2024). Employee retention was operationalized with nine items developed by (Setyaningrum et al., 2024). Job performance was operationalized with six items adopted from (Hassan et al., 2024).

RESULTS AND DATA ANALYSIS

PLS-SEM was conducted in two steps, including the evaluation of the measurement model and the evaluation of the structural model.

Respondents Profile

Table 1 presents a profile of the participants' demographic information, which is valuable for understanding the demographic characteristics of the study of 333 permanent employees. There are slightly more male than female permanent employees in the workforce (60% male, 40% female). The age distribution shows

there are some experienced staff (45% Employees from 31 to 40 years of age) and that the remaining employees are younger to 30 (36%) and over 40 (19%). In terms of education levels, 63% of employees indicated they have a Bachelor's degree, which was followed by 30% indicating they had a High School/Diploma education. The 7% of participants who indicated they had a Master's degree most likely represent the more specialized or senior supervisory roles. The job position was consistent with operational staff were the majority of respondents at 50.0% of

the sample; Administrative staff accounted for 25.0%; Coordinators accounted for 15.0%, and Supervisory was comprised of the least of the sample size at 10.0%. Finally, overall tenure of respondents were well-distributed with 40.0% of respondents indicating they remained in their positions for 2–5 years, with good data related to retention intentions from established employees, while newer employees included < 2 years (30.0% of sample, < 2 years of employment).

TABLE 1. Respondent demographic profile (N=333)

Category	Sub-Category	Frequency	Percentage (%)
Gender	Male	200	60.0
	Female	133	40.0
Age Group	20–30 years	120	36.0
	31–40 years	150	45.0
	> 40 years	63	19.0
Education Level	High School / Diploma	100	30.0
	Bachelor's Degree	210	63.0
	Master's Degree	23	7.0
Job Position	Operational	167	50.0
	Administrative	83	25.0
	Coordinator	50	15.0
	Supervisory	33	10.0
Organizational Tenure	< 2 years	100	30.0
	2–5 years	133	40.0
	> 5 years	100	30.0

Evaluation of the Measurement Model

Table 2 shows the Outer Loading and reliability assessment of the measurement scales used in this research. All outer loading values, which assess convergent validity, are well above the recommended threshold of 0.50; thus, with all indicators of the study being linked to their respective constructs, this also validates the appropriateness of the items chosen to measure each construct. The AVE measure was also above the recom-

mended threshold of 0.50 for this study, and it also shows that there was a fair degree of variance of the indicators explained by the construct representing the underlying measure. All Composite Reliability and Cronbach's alpha measures were above the recommended threshold parameters of 0.70 for C.R. and 0.60 for C.A., indicating high reliability and providing evidence of internal consistency (Hair et al., 2024).

TABLE 2. Assessment of measurement model

Variables	Items	O.L	α	CR	AVE
Knowledge-Oriented Leadership	KOL1	0.732	0.849	0.890	0.578
	KOL2	0.815			
	KOL3	0.862			
	KOL4	0.771			
	KOL5	0.806			
	KOL6	0.833			

Cont.....

Variables	Items	O.L	α	CR	AVE
Job Self-Efficacy	JSE1	0.731	0.903	0.920	0.536
	JSE10	0.701			
	JSE2	0.787			
	JSE3	0.736			
	JSE4	0.786			
	JSE5	0.740			
	JSE6	0.791			
	JSE7	0.801			
	JSE8	0.779			
	JSE9	0.743			
Job Expectations	JE1	0.784	0.888	0.911	0.564
	JE2	0.838			
	JE3	0.821			
	JE4	0.743			
	JE5	0.793			
	JE6	0.767			
	JE7	0.744			
	JE8	0.798			
Employee Retention	ER1	0.811	0.926	0.938	0.629
	ER2	0.788			
	ER3	0.745			
	ER4	0.782			
	ER5	0.787			
	ER6	0.811			
	ER7	0.829			
	ER8	0.721			
	ER9	0.856			
Job Performance	JP1	0.732	0.912	0.932	0.696
	JP2	0.831			
	JP3	0.868			
	JP4	0.846			
	JP5	0.862			
	JP6	0.858			

TABLE 3. Discriminant validity

	1	2	3	4	5
Employee Retention	0.793				
Job Expectations	0.721	0.751			
Job Performance	0.762	0.627	0.834		
Job Self-Efficacy	0.729	0.721	0.734	0.832	
Knowledge-Oriented Leadership	0.654	0.554	0.667	0.731	0.861

A popular technique for assessing discriminant validity in variance-based structural equation modelling, such as PLS-SEM, is the Heterotrait-Monotrait (HTMT) ratio (Fornell & Larcker,

1981; Hair et al., 2024). The structures' HTMT ratios are displayed in the following table.

The HTMT ratios for every pair of constructs are displayed in

Table 3. Generally speaking, good discriminant validity is indicated by an HTMT score below 0.90, or more conservatively, below 0.85.

Evaluation of the Structural Model

A number of statistical tests were used to thoroughly assess the connections and impacts among the constructs in our study; the findings are shown in Table 4 and 5. The results of the path coefficient test, direct effect test, and indirect effect test are combined in this table. The results of the hypothesis testing are displayed in Table 4 and 5 as path coefficients (beta), t-statistics, and *p*-values. Every examined path, both direct and indirect, was statistically significant ($p < 0.05$) (Hair et al., 2024).

The outcomes related to the direct effect hypotheses (H1 & H2) are shown in Table 4. The results indicated that both direct effect hypotheses were supported, confirming that KOL had a significant direct effect on both outcomes. Specifically, Hypothesis H1, which proposed KOL directly impacts Employee Retention, was supported with a significant negative Beta value (beta = -0.204, $p = 0.006$) suggesting KOL was associated with decreased intention to leave thus increasing retention. Hypothesis H2, which proposed KOL directly impacts Job Performance, was supported as well with a significant positive Beta value (beta = 0.137, $p = 0.011$) confirming KOL behaviors were positively associated with improvements in employee work performance.

TABLE 4. Direct effect

	Beta Values	T Values	p Values	Decision
H1: Knowledge-Oriented Leadership -> Employee Retention	-0.204	2.743	0.006	Accepted
H2: Knowledge-Oriented Leadership -> Job Performance	0.137	2.545	0.011	Accepted

Table 5 shows the results for the specific indirect effects, representing the four respective mediation hypotheses (H3, H4, H5, and H6) and testing them through a bootstrapping procedure in the PLS-SEM process. The statistical significance of the indirect effects was evidenced by the *p* values which ranged from $p = 0.028$ to $p = 0.000$ (all well below the alpha = 0.05), alongside strong *T* values (all $T > 1.96$). The beta coefficients (i.e.,

-0.257 to 0.717) illustrate the expected magnitude/direction of the indirect relationships. Overall, the evidence supports the assertion that job self-efficacy and job expectations serve as important intervening variables linking knowledge-oriented leadership to both employee retention and job performance within the organization.

TABLE 5. Mediation effect

	Beta Values	T Values	p Values	Decision
H3: Knowledge-Oriented Leadership -> Job Self-Efficacy -> Employee Retention	-0.257	2.199	0.028	Accepted
H4: Knowledge-Oriented Leadership -> Job Self-Efficacy -> Job Performance	-0.187	2.711	0.007	Accepted
H5: Knowledge-Oriented Leadership -> Job Expectations -> Employee Retention	-0.193	2.636	0.003	Accepted
H6: Knowledge-Oriented Leadership -> Job Expectations -> Job Performance	0.717	10.290	0.000	Accepted

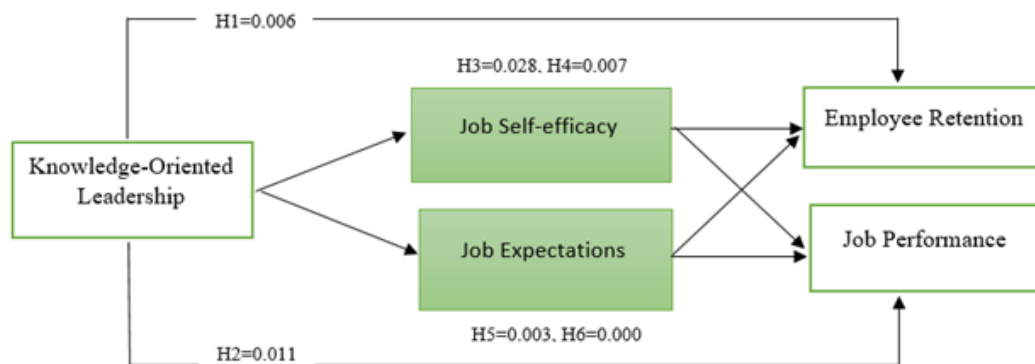


FIGURE 2. Hypothesis testing

DISCUSSION

The main aim of this research was to investigate the direct and mediated effects of knowledge-oriented leadership on employee retention and job performance, mediated by job self-efficacy and job expectations, in a multinational manufacturing context in Indonesia. The PLS-SEM analysis results provided strong evidence for all six hypothesized relationships (H1 to H6). These results further important knowledge regarding the role of leadership behaviors that support the utilization and learning of employee knowledge as significant organizational antecedents of psychological states that predict important employee outcomes.

The finding that knowledge-oriented leadership has a significant direct effect on employee retention indicates that if leaders create an environment of knowledge sharing, openness, and learning, employees will not be less likely to leave (as implied by the negative beta on turnover intention items). This rationale is consistent with organizational support theory, which suggests that employees perceive supportive and developmental leadership reflecting organizations that value their contributions, care about their well-being, and ultimately increase their affective commitment and intentions to stay (Ghlichlee et al., 2025; Jia et al., 2024). For instance, in a manufacturing company, leaders who view mistakes as learning opportunities, as well as acting as advisor, minimize perceptions of a punishing environment, and consider psychological safety, which is important for retention over time.

Hypothesis H2, which posited a direct association between knowledge-oriented leadership and job performance, was supported. This finding validates that leaders who encourage experiential learning, emphasize knowledge in action, and incentivize the sharing of knowledge directly contribute to improved employee performance. This aligns with human capital theory in which organizational knowledge is viewed as a premium commodity and leadership that promotes its effective application

lead to better task performance and efficiency (Sahibzada et al., 2023). For operational, administrative, and supervisory employees, it becomes easier to complete complex tasks, prioritize, and manage time as captured by the performance scale based on the constant guidance and observable knowledge processes modeled by management.

The indirect effect supporting H3, shows that job self-efficacy is a mechanism that explains the relationship between knowledge-oriented leadership and employee retention. According to the principles of Social Cognitive Theory (SCT), knowledge-oriented leadership behaviors, such as being advocates and promoting learning, provide mastery experiences and verbal persuasion as influences for employees (Bandura, 2001). Employees feel empowered and supported in their learning, which increases their belief in their ability to meet job self-efficacy by improving their sense of competence. Since self-efficacy is correlated with increased job satisfaction and organizational identification, employees with increased feelings of competence will have a decreased probability of searching for a new job (Setyaningrum et al., 2024).

The strong mediation effect established for H4 suggests that job self-efficacy is an important mechanism through which knowledge-oriented leadership affects job performance. From an SCT perspective, self-efficacy is a central personal determinant of behavior; individuals who have higher self-efficacy will set higher goals, persevere longer when confronted by obstacles, and are often more energetic in approaching the tasks at hand (Bandura, 2001). When KOL provides an atmosphere that allows for mistakes and utilizes objective-based evaluation, it increases employee confidence. To the extent to which self-efficacy increases, it may act as a direct driver of the effort and persistence needed for employees to plan, prioritize, and complete the tasks associated with their jobs, resulting in improved job performance outcomes (Hassan et al., 2024).

Hypothesis H5 was supported, suggesting that job expectations

serve as a mediator between knowledge-oriented leadership and employee retention. Knowledge-oriented leadership is a highly effective way to promote transparency and open communication with employees, which helps them perceive the actual work experience as consistent with, or a reasonable approximation to, their prior expectations regarding fair treatment and opportunities to demonstrate their skills. When a supervisor can manage the overlap between the employee experience and employees' expectation, there is less chance for psychological contract violations; that is, less chance of reality shock or disappointment, both of which are central factors in the turnover process (Setyaningrum et al., 2024). When employees' expectations of the work experience are met, such as feeling comfortable with clients or having autonomy, they tend to be more loyal and committed, leading to more employee retention.

The results indicate that job expectations provide the most robust mediation for job performance and knowledge-oriented leadership, as aligning employees' expectations and skill utilization represents a positive drive towards increased performance. In expectancy theory it is suggested that motivation is stronger when individuals perceive that their work effort leads to performance, and performance leads to the outcomes (Setyaningrum et al., 2024). If employees only sensed that KOL was supporting hope for growth into skill utilization, it would expend effort for maximum performance related to planning, efficiency, and meeting completion leading to substantial workforce separation towards increased effort and performance.

Implications of the Study

This study has a number of theoretical and practical implications. First, the research provides empirical support for the triadic reciprocal causation principle of SCT by establishing a formal causal path from knowledge-oriented leadership, through the Personal/Cognitive Factors, to behavior outcomes. Leadership does not directly affect employee behavior, as hypothesized initially, but rather is fully mediated through psychological states, which enhance the effects of leadership on employee outcomes. Second, the research makes a substantial contribution to KOL literature by demonstrating the dual-paths of job self-efficacy and job expectations through which knowledge-oriented leadership exerts its influence. Job self-efficacy, or belief in one's capability, serves as a psychological engine for both performance and retention, and job expectations, or the perceived alignment of the psychological contract, serves as a relational factor that particularly drives performance. This dual-mediation model provides a fuller and finer-grained comprehension of how leadership behaviors translate organizational resources into individual cap-

ital.

Third, the results offered cultural context to SCT (Bandura, 2001). In a stability-oriented, collectivist, Indonesian manufacturing context, the positive impacts of KOL were quite strong because KOL satisfies cultural needs for clear structure, supportive guidance (advisor role), and collective learning, which reduce uncertainty and promote harmony. Validating this finding addresses an important gap in understanding cross-cultural organizational behavior by demonstrating that leadership effectiveness can be maximized when it reinforces culturally valued behaviors such as procedural clarity and relational support.

Because KOL is the foundational developmental antecedent that underlies all positive outcomes, the organization needs to provide sufficient training for all managers, especially supervisors and coordinators, to conduct KOL behaviors. These include assuming the role of a patient advisor; rewarding knowledge sharing, when warranted, and tolerating mistakes (or other undesirable outcomes) to provide beneficial, "learning events." By considering environment in SCT, the organization should endeavor to provide the necessary structure to support KOL. Self-Efficacy significantly mediated the effects of KOL on both retention and performance outcomes; therefore, organizations need to work systematically to enable employee confidence. This should occur through core SCT constructs: providing frequent mastery experiences (i.e., small challenging, yet attainable tasks with success) and providing constructive verbal persuasion (i.e., specific, positive feedback about capability instead of effort). Mentoring and coaching programs are vital in this regard.

CONCLUSION, LIMITATIONS AND FUTURE DIRECTION

This study confirmed the proposed conceptual model to a satisfactory degree, confirming that knowledge-oriented leadership significantly affects employee retention and job performance through the two mediating roles of job self-efficacy and job expectations, thereby providing strong empirical support for Social Cognitive Theory (SCT) in a multinational manufacturing context. Evidence of direct effects confirmed that KOL positively influences both performance and retention. Evidence supporting the mediation suggests that leaders must foster confidence in skill and clarity in roles and rewards to achieve the best outcomes. Findings emphasized the value of leaders who foster a supportive learning environment, especially in collectivist collective working contexts like Indonesia, reduces role uncertainty and fulfills relational needs resulting in more committed and productive workforce. The confirmed relationships present practical guidance of an actionable nature for leveraging human resources to improve retention through these psychological mechanisms.

While informative, this study has several limitations that can help guide future research directions. First, the study used a cross-sectional design that does not allow for causal inferences; hence, longitudinal designs would be considered more appropriate in future research to track the evolving nature of KOL and self-efficacy in relation to retention over time. Second, the study relied on subjective self-reports, indicating the possibility of Common Method Bias (CMB) would be reduced by incorporating objective measures of performance (e.g., efficiency reports, quality) and multi-source data (e.g., supervisors providing ratings for performance or HR records for retention) in future studies. Third, the findings were limited because the

study was conducting in a single multinational manufacturing organization in Indonesia, thus future studies should involve replication studies in other sectors (e.g., service, or high-tech) and cultural contexts (e.g., individualistic cultures) to establish better external validity and generalizability of the model under SCT. Lastly, regarding the variability amongst employees, the model may not apply uniformly across all employees. Future research should examine which demographic or job characteristics distinguish the segments with employees that respond more highly and consistently in order to develop more properly targeted and personalized HR-based interventions.

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