



The Role of Extrinsic and Intrinsic Motivation in Enhancing Employee Performance under Entrepreneurial Leadership of Public Worker

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Abstract

The new paradigm in public services during the current era of regional autonomy provides extensive opportunities for governments to innovate in delivering services to the community. Gunung Anyar Regency, as part of the Surabaya City Government, aims to enhance the quality of public services through digital-based bureaucratic transformation. This research examines the effect of Entrepreneurial Leadership (EL) on employee performance with extrinsic motivation and intrinsic motivation as mediating variables. The results indicate that Entrepreneurial Leadership significantly affects both Extrinsic Motivation and Intrinsic Motivation in Gunung Anyar District, Surabaya City, and has a significant direct impact on employee performance. However, extrinsic motivation does not significantly influence employee performance, whereas intrinsic motivation does. Extrinsic motivation does not significantly mediate the relationship between Entrepreneurial Leadership and employee performance, whereas intrinsic motivation significantly mediates this relationship. These findings suggest that to improve employee performance, efforts should focus on enhancing intrinsic motivation alongside strengthening entrepreneurial leadership. The leadership development strategy in Gunung Anyar District must prioritize increasing employee intrinsic motivation to achieve optimal performance.

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1. INTRODUCTION

In the current era of regional autonomy, the paradigm of public service delivery is undergoing a significant transformation (Gupta & Lamsal, 2023). Governments are now presented with extensive opportunities to innovate and enhance their service offerings to the community. This shift is particularly evident in Gunung Anyar Regency, a part of the Surabaya City Government, which is on a mission to improve the quality of public services through digital-based bureaucratic transformation. The drive towards such innovation necessitates an exploration of various leadership styles and motivational factors that can enhance employee performance. In general, many local governments in Indonesia are currently implementing digital governance and smart government initiatives to improve efficiency, transparency, and public participation in public services. The purpose of this paper is to examine the impact of EL on employee performance in the context of Gunung



Anyar District, with a particular focus on the roles of extrinsic and intrinsic motivation as mediating variables. The study aims to provide insights into how Entrepreneurial Leadership (EL) can be effectively leveraged to enhance employee performance by fostering both types of motivation. Additionally, the paper seeks to identify which type of motivation—extrinsic or intrinsic—plays a more significant mediating role in the relationship between EL and employee performance.

Entrepreneurial Leadership (EL) is increasingly recognized as a critical factor in fostering an innovative and performance-driven work environment. EL is characterized by a proactive, risk-taking approach and an emphasis on opportunity recognition and exploitation. However, the effectiveness of EL in enhancing employee performance may be mediated by motivational factors, both extrinsic and intrinsic.

Extrinsic motivation refers to external incentives such as salary, bonuses, and job security, which can drive employees to achieve organizational goals. In contrast, intrinsic motivation is derived from internal factors such as personal growth, job satisfaction, and a sense of achievement. Understanding the interplay between these motivational factors and EL is crucial for developing effective leadership strategies (Malibari, 2022)

Entrepreneurial Leadership (EL) is a leadership style that integrates entrepreneurial thinking into the leadership process, emphasizing innovation, risk-taking, and proactiveness. According to Gupta et al. (2004), EL involves creating a vision for organizational growth, fostering a culture of innovation, and encouraging employees to take calculated risks. This leadership style is particularly relevant in dynamic environments where adaptability and quick decision-making are crucial. EL is associated with higher levels of organizational performance as it drives employees to think creatively and seek out new opportunities, contributing to a more agile and competitive organization.

Several recent studies confirm that entrepreneurial leadership plays a crucial role in stimulating employee creativity and innovative behavior, which ultimately contributes to improved organizational performance. Leaders who adopt entrepreneurial approaches are able to create an organizational climate that encourages employees to share ideas, explore new opportunities, and actively participate in innovation processes, thereby strengthening the organization's ability to remain competitive in dynamic and technology-driven environments (Taleb, 2023; Yesuf, 2025). Empirical findings from both public and private sector organizations also demonstrate that entrepreneurial leadership has both direct and indirect influences on employee performance, particularly through the mediation of innovative work behavior, indicating that leadership that promotes innovation can positively transform employee attitudes and productivity (Nawaz, 2025; Indriyani, 2024). Entrepreneurial leadership contributes to organizational success by strengthening innovation capability and opportunity recognition, enabling organizations to respond quickly to market changes and technological disruptions, which is essential for maintaining long-term competitiveness (Taleb, 2023). Overall, the growing body of literature consistently shows that entrepreneurial leadership is a critical determinant of innovation, employee creativity, and organizational performance, as leaders who promote risk-taking, proactiveness, and strategic vision are able to create an environment that supports learning, experimentation, and continuous improvement, allowing organizations to adapt effectively to environmental uncertainty and achieve sustainable performance outcomes (Yesuf, 2025).

This research aims to examine the impact of EL on employee performance in the context of Gunung Anyar District, with a particular focus on the roles of extrinsic and intrinsic motivation as mediating variables. The study's findings indicate that while EL significantly influences both types of motivation and directly impacts employee performance, only intrinsic motivation serves as a significant mediator in the relationship between EL and employee performance. These insights underscore the importance of fostering intrinsic motivation alongside EL to achieve optimal employee performance in public sector organizations.

The following sections of this paper will delve into the theoretical framework, methodology, results, and discussion of the research, providing a comprehensive understanding of how EL, extrinsic motivation, and intrinsic motivation interact to influence employee performance in a public service context.

The hypotheses in this study are as follows:

H1: Entrepreneurial Leadership is hypothesized to significantly influence extrinsic motivation of employees.

H2: Entrepreneurial Leadership is hypothesized to significantly influence intrinsic motivation of employees.

H3: Entrepreneurial Leadership is hypothesized to significantly influence employee performance.

H4: Extrinsic motivation is hypothesized to significantly influence employee performance.

H5: Intrinsic motivation is hypothesized to significantly influence employee performance.

H6: Extrinsic motivation is hypothesized to mediate the relationship between Entrepreneurial Leadership and employee performance.

H7: Intrinsic motivation is hypothesized to mediate the relationship between Entrepreneurial Leadership and employee performance.

The formulation of the hypotheses in this study is grounded in established leadership and motivation theories as well as empirical findings from previous research. Conceptually, Entrepreneurial Leadership emphasizes innovation, proactiveness, opportunity recognition, and risk-taking behaviors that can influence employees' psychological states and work attitudes. According to motivation theories such as Self-Determination Theory, leadership behavior can stimulate both extrinsic motivation (through rewards, recognition, and external incentives) and intrinsic motivation (through meaningful work, autonomy, and personal development). Previous studies also indicate that leadership styles play a significant role in shaping employee motivation and performance outcomes. Entrepreneurial leaders are able to inspire employees to become more proactive, creative, and performance-oriented, which ultimately contributes to higher employee productivity and organizational performance. Furthermore, motivation has been widely recognized as a key determinant of employee performance, and several studies suggest that motivation can function as a mediating variable linking leadership and performance outcomes. Therefore, based on theoretical foundations and empirical evidence, this study proposes hypotheses that examine the direct influence of Entrepreneurial Leadership on both types of motivation and employee performance, as well as the mediating roles of extrinsic and intrinsic motivation in explaining how leadership behavior ultimately affects employee performance.

2. METHODS

This study is an explanatory correlational research where the data obtained aims to determine the relationship or influence between independent variables and dependent variables. The approach used is descriptive, as the data obtained are in numerical form and analyzed statistically. Thus, this type of research falls under quantitative explanatory research. The study was conducted to obtain primary data on Extrinsic Motivation, Intrinsic Motivation, and Entrepreneurial Leadership's impact on the performance of civil servants in Gunung Anyar District, Surabaya City, by distributing questionnaires. The results of the data processing from these questionnaires will be detailed to explain the relationship between the data comprehensively using existing theories.

The indicators used to measure the variables in this study are clearly defined based on established literature. Entrepreneurial Leadership is reflected through five key indicators, namely innovativeness, creativity, passion, vision, and risk-taking, which describe a leader's ability to generate new ideas, think differently, maintain strong commitment, set future-oriented goals, and take calculated risks in facing challenges. Employee performance is measured through indicators including work quality, work quantity, responsibility, and task

implementation, which capture the effectiveness, efficiency, accountability, and collaborative aspects of employees in completing their duties. Meanwhile, extrinsic motivation is indicated by external factors such as salary, wages, incentives, job security, working conditions, status, organizational procedures, and quality of supervision. In contrast, intrinsic motivation is measured through internal factors such as fulfillment of psychological needs, participation opportunities, job placement suitability, sense of future security, work environment, opportunities for advancement, and the creation of healthy competition within the organization.

The research location is the work environment of Gunung Anyar District, Surabaya City. The respondents in this study are employees, both ASN and contract workers in Gunung Anyar District, Surabaya City. To obtain the necessary data and information for this thesis, the research was conducted from April to June. The required data in this study are employees' perceptions of the impact of Entrepreneurial Leadership on performance through extrinsic and intrinsic motivation. This data consists of primary and secondary data. Primary data comes from respondents' answers to statements in the questionnaires during both the preliminary survey and the main survey, which were distributed via Google Forms. Secondary data is obtained from various literature sources, such as national and international journals, internet articles, books, studies, and other academic scripts related to the study.

Data collection in this study was carried out through several methods: interviews with related parties, direct observations at the research location, and distributing questionnaires via Google Forms. The questionnaire contained four sections: perceptions of Entrepreneurial Leadership, intrinsic motivation, extrinsic motivation, and performance. Responses were measured using a Likert scale ranging from 1 to 5. Documentation was also used to support the explanation of the analyzed variables.

The population in this study includes all employees, both ASN and contract workers in Gunung Anyar District, Surabaya City, including staff from the four Kelurahan within the district, totaling 122 individuals. The sampling technique used is proportioned stratified random sampling, involving selecting respondents proportionate to the total population. Using Slovin's formula with a 10% error tolerance, the minimum sample size required is 55. The sample was then proportionally allocated to each unit in the population.

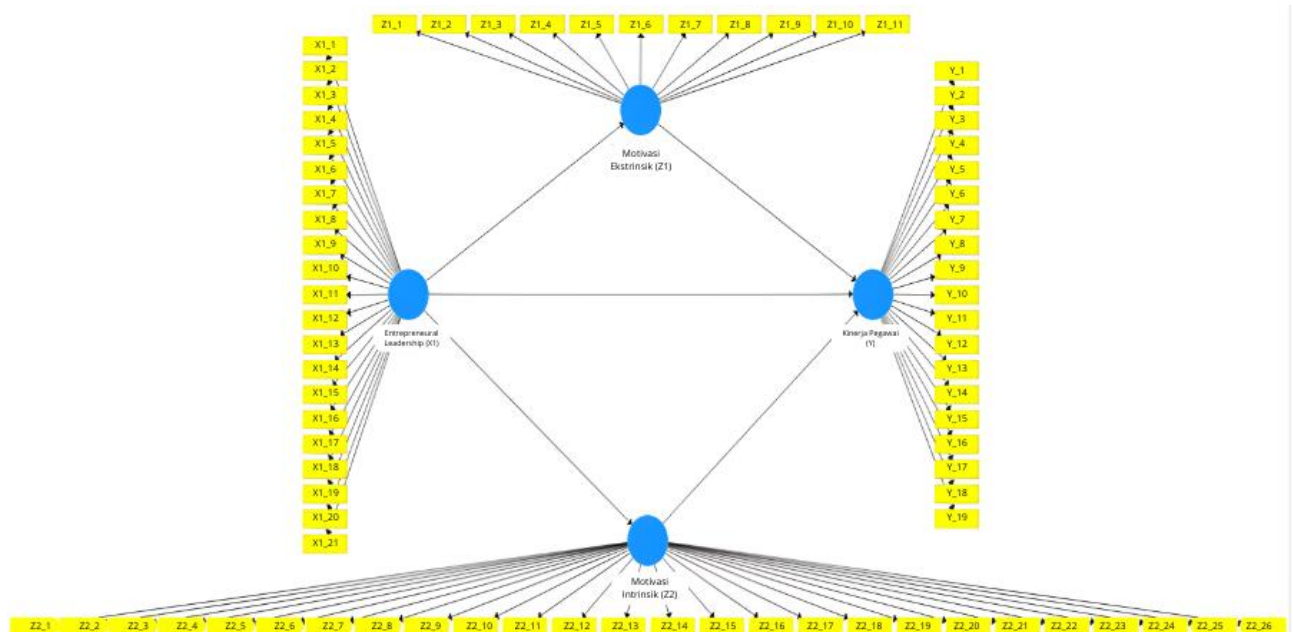


Figure 1. SEM-PLS study case structure model
Source: Development by Researcher (2025)

In this research, Structural Equation Modeling-Partial Least Squares (SEM-PLS) was employed to analyze the data and test the hypotheses. SEM-PLS is a robust statistical technique that allows for the simultaneous examination of multiple relationships between independent and dependent variables, making it highly suitable for complex models with multiple mediating variables such as Extrinsic Motivation and Intrinsic Motivation. One of the key advantages of SEM-PLS over other methods, such as covariance-based SEM, is its ability to handle smaller sample sizes and non-normally distributed data, which is often a limitation in public sector research. Additionally, SEM-PLS is less stringent in terms of data distribution assumptions and can effectively manage models with many indicators and latent constructs. This flexibility and robustness make SEM-PLS particularly advantageous for this study, where understanding the nuanced relationships between Entrepreneurial Leadership, motivational factors, and employee performance is crucial.

3. RESULT AND DISCUSSION

3.1. Results

The study involved distributing online questionnaires via Google Forms to the employees of Gunung Anyar District, including both civil servants and contract staff. A total of 55 completed questionnaires were received, reflecting a perfect response rate of 100%. All questionnaires were thoroughly and appropriately completed, making the data suitable for analysis. The respondent demographics were categorized based on gender, age, education, and years of service. The results showed that the majority of respondents (61.90%) were male, while 38.10% were female. Most respondents were aged 46-55 years (42.86%), followed by those aged 36-45 years (33.33%). The education levels of respondents varied, with the majority holding a bachelor's degree (57.14%), followed by high school education (23.81%). In terms of years of service, most respondents had been working for 21-30 years (49.21%), followed by those with 11-20 years of service (30.16%).

Entrepreneurial leadership combines entrepreneurial traits with traditional leadership skills, emphasizing risk-taking, opportunity-seeking, innovation, productivity, collaboration, and strategic thinking. This study used a questionnaire with 26 items to measure entrepreneurial leadership, with response values ranging from 2 to 5. The average score for entrepreneurial leadership was 4.40, indicating a high level of agreement among respondents on their leaders' entrepreneurial capabilities. Descriptive statistical analysis of the entrepreneurial leadership variable showed consistently high scores across various indicators such as innovativeness, creativity, proactivity, passion, vision, and risk-taking. For example, respondents rated their leaders highly in encouraging new ideas (4.26), supporting continuous learning (4.60), and handling financial risks (4.51). This positive perception suggests that entrepreneurial leadership significantly impacts organizational performance.

Extrinsic motivation involves providing incentives or threats of punishment to motivate individuals to perform tasks. The study used 11 questionnaire items to measure this variable, with response values ranging from 2 to 5. The average score for extrinsic motivation was 4.13, indicating that respondents generally feel motivated by external factors. Key indicators such as timely salary payment (4.37) and health insurance benefits (4.41) received high scores, while the adequacy of annual salary increases (3.64) and BPJS facilities (3.41) were rated lower. The results highlight areas where improvements in reward systems and benefits could further enhance extrinsic motivation and, consequently, performance.

Intrinsic motivation refers to the internal satisfaction derived from performing a task. This study used 22 items to measure intrinsic motivation, with response values ranging from 2 to 5. The average score for intrinsic motivation was 4.26, reflecting a high level of internal motivation among respondents. Indicators such as leadership support (4.39), a friendly and helpful work environment (4.39), and career development opportunities

(4.41) were rated highly. These findings suggest that intrinsic motivation is well-supported within the organization and has a significant positive impact on employee performance.

Employee performance was evaluated through various aspects such as quality of work, quantity of work, timeliness, supervision, and effectiveness. Fifteen items were used to measure this variable, resulting in an average score of 4.34. Respondents indicated strong performance levels, particularly in areas like quality and accuracy of work (4.38), punctuality (4.38), and the ability to evaluate and learn from mistakes (4.40). However, lower scores for independent work suggest a reliance on teamwork and managerial oversight. The study recommended simplifying procedures and improving documentation to enhance independent working capabilities and overall performance.

The study concluded that entrepreneurial leadership, extrinsic motivation, intrinsic motivation, and employee performance are closely interrelated and significantly impact organizational outcomes. High scores across these variables indicate a positive perception among respondents, suggesting that these factors are well-implemented within the organization. By addressing areas with lower scores, such as reward systems and independent work capabilities, the organization can further enhance motivation and performance.

Table 1. Average variance extracted per variable

Variable	AVE
Entrepreneurial Leadership	0,623
Extrinsic Motivation	0,693
Intrinsic Motivation	0,748
Employee Performance	0,751

Source: Data Processed (2025)

Table 2. Cross-loading factor validity test

Cross loading factor (fornell-lacker)	Entrepreneurial Leadership	Extrinsic Motivation	Intrinsic Motivation	Employee Performance
Entrepreneurial Leadership	0,790			
Extrinsic Motivation	0,737	0,832		
Intrinsic Motivation	0,763	0,930	0,865	
Employee Performance	0,747	0,872	0,903	0,866
Result	Valid	Valid	Valid	Valid

Source: Data Processed (2025)

The analysis of the model using Partial Least Square (PLS) begins with evaluating the measurement model (outer model). This evaluation aims to assess the relationship between latent variables and their indicators, focusing on validity and reliability tests. Validity tests check whether the indicators effectively measure the latent variables, with hypotheses suggesting either the indicators do not measure the same aspect of the theory (H0) or they do (H1). Convergent validity is assessed through the outer loading values of each indicator item, where a loading factor below 0.5 signifies invalidity. Following the elimination of non-significant indicators, the remaining indicators showed valid outer loading values, confirmed by an Average Variance Extracted (AVE) value above 0.5 for all variables, indicating convergent validity.

Discriminant validity is evaluated using cross loading values, which must be greater than 0.7 and exceed the cross loading of other variables' indicators. The Fornell-Larcker Criterion further supports discriminant validity, showing that each variable's AVE is greater than 0.5. The hypothesis for discriminant validity is similar to that for convergent validity, suggesting that indicators either do (H1) or do not (H0) measure the same aspect of the latent variable. The results from the cross loading factor table confirmed that all variables' indicators are valid in reflecting their respective constructs, thus accepting H1.

Table 3. Cronbach's Alpha reliability test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)	Conc.
Entrepreneurial Leadership	0,975	0,979	0,977	0,623	Reliable
Extrinsic Motivation	0,948	0,958	0,957	0,693	Reliable
Intrinsic Motivation	0,983	0,985	0,984	0,748	Reliable
Employee Performance	0,979	0,985	0,982	0,751	Reliable

Source: Data Processed (2025)

Reliability tests were conducted to verify the accuracy, consistency, and precision of the instruments in measuring constructs. This involved examining the composite reliability and Cronbach's alpha values, with hypotheses suggesting either inconsistency (H0) or consistency (H1) in the indicators measuring the constructs. The model is deemed reliable if the values for each variable exceed 0.6. The results, presented in the composite reliability table, showed values above 0.8, indicating a high level of reliability and consistent responses from the participants.

The structural model (inner model) evaluation follows, provided the measurement model indicates valid and reliable indicators. The structural model is assessed using the coefficient of determination (R^2). An R^2 value is classified as low (< 0.30), moderate ($0.30 < R^2 < 0.60$), or high (> 0.60). The results showed that the employee performance variable had an R^2 of 0.829, indicating that extrinsic and intrinsic motivation explains 82.9% of employee performance, which is high. Similarly, the intrinsic motivation variable had an R^2 of 0.866, suggesting that entrepreneurial leadership explain 86.6% of intrinsic motivation, also considered high, meanwhile the extrinsic motivation variable had an R^2 of 0.583, suggesting that entrepreneurial leadership explain 58.3% of intrinsic motivation, considered moderate.

The significance of the direct relationships between variables in this study was assessed using t-statistics and p-values. Intrinsic motivation significantly impacts employee performance, with a t-statistic of 2.095 and a p-value of 0.037, indicating that the relationship is statistically significant. Conversely, the relationship between extrinsic motivation and employee performance was found to be non-significant, as indicated by a t-statistic of 0.936 and a p-value of 0.350. This suggests that, within this study, extrinsic motivation does not significantly influence employee performance.

Entrepreneurial leadership showed a significant impact on both intrinsic and extrinsic motivation, with highly significant p-values of 0.000. Specifically, the relationship between entrepreneurial leadership and intrinsic motivation had a t-statistic of 5.864, while the relationship with extrinsic motivation had an even higher t-statistic of 16.196. Additionally, entrepreneurial leadership's direct impact on employee performance was also significant, with a t-statistic of 2.385 and a p-value of 0.017. These results highlight that entrepreneurial leadership plays a crucial role in enhancing both types of motivation and directly improving employee performance.

Here is the direct and indirect result for significance.

Table 4. Direct relationship significancy test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	RESULT
Intrinsic Motivation to Employee Performance	0,127	0,121	0,061	2,095	0,037	Significant
Extrinsic Motivation to Employee Performance	0,212	0,222	0,227	0,936	0,350	Non- Significant
Entrepreneurial Leadership to Intrinsic Motivation	0,763	0,714	0,130	5,864	0,000	Significant
Entrepreneurial Leadership to Extrinsic Motivation	0,930	0,910	0,057	16,196	0,000	Significant
Entrepreneurial Leadership to Employee Performance	0,608	0,589	0,255	2,385	0,017	Significant

Source: Data Processed (2025)

Table 5. Indirect relationship significancy test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	RESULT
Entrepreneurial Leadership to Extrinsic Motivation to Employee Performance	0,140	0,476	0,179	1,934	0,175	Non- Significant
Entrepreneurial Leadership to Intrinsic Motivation to Employee Performance	0,796	0,780	0,097	8,183	0,017	Significant

Source: Data Processed (2025)

The indirect relationship significance tests reveal important insights into how entrepreneurial leadership influences employee performance through extrinsic and intrinsic motivation. The path from entrepreneurial leadership through extrinsic motivation to employee performance was found to be non-significant, with a t-statistic of 1.934 and a p-value of 0.175. This indicates that, although entrepreneurial leadership positively impacts extrinsic motivation, this indirect effect does not significantly translate into improved employee performance within this study's context.

Conversely, the path from entrepreneurial leadership through intrinsic motivation to employee performance showed a significant indirect relationship. With a t-statistic of 8.183 and a p-value of 0.017, the results demonstrate that intrinsic motivation acts as a crucial mediator in the relationship between entrepreneurial leadership and employee performance. This signifies that entrepreneurial leadership effectively enhances intrinsic motivation, which in turn significantly boosts employee performance. Therefore, fostering entrepreneurial leadership traits can lead to substantial improvements in performance, primarily through enhancing intrinsic motivation among employees.

Table 5. Hypotheses significance test

Hypotheses	Path		Result
	From	To	
H1	Entrepreneurial Leadership	Extrinsic Motivation	Accepted
H2	Entrepreneurial Leadership	Intrinsic Motivation	Accepted
H3	Entrepreneurial Leadership	Employee Performance	Accepted
H4	Extrinsic Motivation	Employee Performance	Rejected
H5	Intrinsic Motivation	Employee Performance	Accepted
H6	Entrepreneurial Leadership	Employee Performance with Extrinsic Motivation as mediator	Rejected
H7	Entrepreneurial Leadership	Employee Performance with Intrinsic Motivation as mediator	Accepted

Source: Data Processed (2025)

3.2. Discussion

The study results show a significant influence of Entrepreneurial Leadership practices on Extrinsic Motivation indicating rejection of H0 and acceptance of the hypothesis. This suggests that Entrepreneurial Leadership positively and significantly impacts the Extrinsic Motivation of employees in Gunung Anyar District. The implementation of Entrepreneurial Leadership practices in this district significantly affects extrinsic motivation, aligning with studies by Abiyasa et al. (2023), Mokhber et al. (2016) and Dwi Widyani et al. (2020), which demonstrate similar findings. Studies by Diantoro et al. (2023) highlight the positive impact of entrepreneurial leadership on organizational performance and employee motivation, respectively. The research underscores the role of leaders in fostering extrinsic motivation through effective management of incentives and rewards.

The SEM-PLS testing indicates a significant influence of Entrepreneurial Leadership on Intrinsic Motivation, leading to the acceptance of the hypothesis. This confirms that Entrepreneurial Leadership positively and significantly impacts Intrinsic Motivation in Gunung Anyar District. Despite conflicting findings from Anisa et al. (2024), which did not show a significant effect on intrinsic motivation, this study aligns with Brian Karno Jan and Maulida (2022), who found positive impacts on both intrinsic and extrinsic motivation. Entrepreneurial Leadership fosters a work environment that stimulates creativity and independence, enhancing employees' sense of achievement and job satisfaction, thereby boosting their intrinsic motivation.

The research demonstrates a significant influence of Entrepreneurial Leadership on Employee Performance, confirming the hypothesis. This finding is consistent with Anggriani and Kistyanto (2017), who reported a significant positive effect on organizational performance. Entrepreneurial Leadership promotes innovation, risk-taking, and proactive opportunity utilization, creating a supportive environment for professional and personal growth, which enhances individual and team performance. The study highlights that such leadership encourages employees to think creatively and take initiative, resulting in improved performance metrics.

The SEM-PLS results show no significant influence of Extrinsic Motivation on Employee Performance, leading to the rejection of the hypothesis. This contradicts the findings of Hamdan (2018) and Hamdan (2018), who reported a positive influence of extrinsic motivation on employee performance. The study suggests that while extrinsic factors like salary and benefits are important, they may not be sufficient to significantly enhance performance without addressing other motivational aspects. Effective extrinsic motivation requires well-planned management strategies to align rewards with employee expectations and performance goals.

The research findings indicate a significant influence of Intrinsic Motivation on Employee Performance, confirming the hypothesis. This aligns with Anisa et al. (2024), who found a positive and significant effect of intrinsic motivation on employee performance. Intrinsic motivation, driven by personal satisfaction, achievement, and interest in work, significantly enhances employee performance. Creating a supportive work environment that provides appropriate challenges, constructive feedback, and autonomy can further boost intrinsic motivation, leading to higher job satisfaction and productivity.

The SEM-PLS results indicate no significant mediating effect of Extrinsic Motivation on the relationship between Entrepreneurial Leadership and Employee Performance, leading to the rejection of the hypothesis. This finding aligns with Sawaeen and Ali (2020), who found that organizational commitment and work discipline partially mediate the effect of extrinsic motivation on performance. The study suggests that while extrinsic motivation can influence performance, it may not effectively mediate the impact of entrepreneurial leadership on performance. Effective leadership must integrate both intrinsic and extrinsic motivational strategies to optimize employee performance.

The study investigates the mediating role of Intrinsic Motivation in the relationship between Entrepreneurial Leadership and Employee Performance. The results from the SEM-PLS analysis show a significant mediating effect of Intrinsic Motivation, leading to the acceptance of the hypothesis. This finding suggests that Intrinsic Motivation plays a crucial role in enhancing the positive impact of Entrepreneurial Leadership on Employee Performance. The presence of Entrepreneurial Leadership practices, which emphasize innovation, proactiveness, and risk-taking, contributes to higher levels of Intrinsic Motivation among employees. This increased intrinsic motivation, characterized by a greater sense of personal satisfaction, achievement, and engagement with work, subsequently leads to improved employee performance. The study aligns with existing literature, including research by Jan (2022) and Baskoro (2021), which highlight the importance of intrinsic motivation in driving employee performance. It underscores the need for leaders to not only focus on external rewards but also to foster an environment that supports employees' intrinsic needs for autonomy, competence, and relatedness.

4. CONCLUSION

Based on the research results and discussions, this study concludes that Entrepreneurial Leadership has a significant direct effect on both Extrinsic and Intrinsic Motivation, as well as on Employee Performance in Gunung Anyar District. This indicates that leadership practices characterized by innovation, proactiveness, and risk-taking are capable of enhancing employees' motivational states and performance outcomes. However, the findings reveal that Extrinsic Motivation does not significantly influence Employee Performance, suggesting that external factors such as rewards and incentives are not the primary drivers of performance in this context. In contrast, Intrinsic Motivation has a significant positive effect on Employee Performance, emphasizing the importance of internal satisfaction, engagement, and personal fulfillment. Mediation analysis shows that Extrinsic Motivation does not mediate the relationship between Entrepreneurial Leadership and Employee Performance, while Intrinsic Motivation serves as a significant mediating variable. These findings confirm that the influence of Entrepreneurial Leadership on performance is more effectively channeled through intrinsic motivational factors rather than extrinsic ones, aligning with the proposed hypotheses that highlight the critical role of intrinsic motivation in improving employee performance.

Despite these findings, this study has several limitations that should be considered. The research is limited to a specific organizational setting within Gunung Anyar District, which may restrict the generalizability of the results to other regions or sectors. Additionally, the study focuses only on two mediating variables, namely extrinsic and intrinsic motivation, without considering other potential factors such as organizational culture, job satisfaction,

or work environment that may also influence employee performance. Therefore, future research is recommended to expand the scope of the study by including a more diverse sample and incorporating additional variables to provide a more comprehensive understanding of the relationships examined. Practically, organizations are advised to prioritize leadership strategies that foster intrinsic motivation, such as providing meaningful work, autonomy, and opportunities for personal growth, in order to maximize the positive impact of Entrepreneurial Leadership on employee performance

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